# another \$15.9m year

# FINANCIAL TIMES

**MONDAY DECEMBER 20 1993** 

#### Italian deputies vote to accept austerity budget

Europe's Business Newspaper

Italy's chamber of deputies has approved the country's 1994 austerity budget and the Senate is now almost certain to give the go-ahead this week, opening the way for general elections early

The government also agreed two decrees to reform the country's electoral constituencies - the final piece of its electoral law reform.

European Monetary System: The Dutch guilder remained the strongest currency in the system, alternating throughout the week with the Irish punt for the top spot in the grid. Its disparity with the Spanish peseta, the grid's weakest member, was some 4.58 per cent. Currencies.

EMS: Grid

December 17, 1993



The chort shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates ogainst the other m of the mechanism. The exceptions are the D-Mark ond the guilder which move in a 2.25 per cent band.

Saatchi and Saatchi, international advertising group, is to set up a centralised media-buying operation in the US, its biggest single market, for the purchase of television, radio and press advertising space. Page 15

Eastern Europe telecoms deal: A consortium led by German state-owned telecoms company Deutsche Telekom has clinched eastern Europe's single biggest privatisation deal by agreeing to pay \$875m for a 30 per cent stake in Matav, the Hungarian state telecoms company.

Fisons, troubled UK pharmaceuticals and scientific equipment group, is planning plant closures and large-scale redundancies in an attempt to restore confidence following the dismissal of chief executive Cedric Scroggs.

Troops may quit former Yugoslavia: French defence minister François Leotard said European countries might withdraw their peacekeeping troops from former Yugoslavia in the spring if no political solution had been reached by then.

Japanese banks warned on loans: Japanese banks are seriously underprovided against bad loans according to a study of the profitability of 300 international banks. Page 5

Fox snaps up US football rights: A \$395m a year hid by Rupert Murdoch's US Fox Network has stripped rival CBS of the right to hroadcast Sunday afternoon American football games from the National Football Conference

China warns UK over business: British companies will lose out in competition for husiness in China unless Hong Kong governor Chris Patten shelves his democratic reforms for the colony. the governor of China's Guangdong province

Mobiliare Italiano, the second hig bank on the Italian government's privatisation list, expects to float more than 40 per cent of its shares, well above original expectations. Page 17

Otis, the world's largest lift manufacturer, is hoping to expand its share of the recession-torn UK market through a new British-designed range of standard lifts which has cost it £70m (\$104m) to develop. Page 6

Names offered help with losses: Names on the Lloyd's of London insurance market who face substantial losses are to be offered a long-term financial lifeline. Page 6

Jaguar boosts output by 43%: UK luxury car maker Jaguar raised output by 43 per cent this year to about 29,500 cars from last year's 20,593. The 1992 figure was the lowest for 11 years.

Quangos grow: Unelected quangos are growing in number, employing more staff and taking a larger share of UK public expenditure, according to research by the Financial Times. Page 6

Accountants divided over goodwill: The UK Accounting Standards Board will today unveil two alternative proposals for the treatment of goodwill in companies' accounts after its members failed to agree a common line. Page 6; Lex,

London Weekend Television, UK commercial broadcaster, will attempt to set up a quartet of ITV licences under common ownership as part of its defence against a hostlie hld from the Granada Group. Page 15; LWT condemns bid,

Britain hit by floods: Flooding following torrential rain closed roads in Wales, the West Country and Yorkshire. Weather forecast.

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#### ANC reaches initial accord on Afrikaner homeland By Patti Waldmeir

in Johannesburg

Agreement seen as major symbolic concession to right-wing whites

The African National Congress and South Africa's white rightwing groups have reached agreement in principle to establish a "homeland" for Afrikaners, a significant symbolic concession to right-wing whites who fear black majority rule.

The agreement, which has not yet been made public, is due to be signed tomorrow in Johannesburg. It is understood to he hedged with conditions, and is only a first step to a firm deal.

been reached on important ques-tions such as the borders of the proposed homeland, if blacks living in it would be allowed to vote, and the powers of the homeland government. But the accord has important symbolic value, and illustrates the ANC's commitment to persuading rightwing whites to contest next

year's all-race elections. In the agreement, the Afrika-ner Volksfront (Afrikaner People's Front), the umbrella group which represents most right-wing

Afrikaners, commits itself to participate in the poll if detailed agreement on a homeland is reached early next year.

The two sides will now enter intensive talks designed to meet the accord's timetable for reaching detailed agreements in Jannary and February.

Difficult negotiations lie ahead over what the term "volkstaat" (people's state, or homeland) will mean. It is highly unlikely that

substantial area where they are in the majority, and little likelihood that large numbers would move to a newly-created state. Instead, the "volkstaat" could he comprised of small areas, subregions within the country's provinces, where Afrikaners

from central government. Asked to define the degree of autonomy required in a volkstaat, one AVF representative said: "If emotionally the people

could exercise some autonomy

Afrikaners, because there is no feel they are governing themselves, that would be a volkstaat. Language would be a huge thing," he said. Control over education would also be important. The Swiss cantonal system, studied by a joint ANC-AVF delegation, may be used as a model.

But the AVF, which loosely unites groups from the neo-Nazi Afrikaner Weerstandsbeweging (Afrikaner Resistance Movement) to more moderate Afrikaner groups, is not a monolith. Hardright groups are holding out for a radical leader of the white Mr Ferdi Hartzenberg, is understood to support tomorrow's accord, hut reaching detailed agreement with him could prove difficult.

Mr Nelson Mandela, ANC leader, has been strongly oppo to demands for an Afrikaner homeland, though he has often said significant power could be devolved to Afrikaner areas. "Sure, we've got a long way to go," said one AVF official. "But when we started, it was only a

#### Reynolds urges positive response from IRA

# Irish PM warns of crackdown if peace bid fails

By James Blitz in London and Tim Coone in Dublin

Mr Albert Reynolds, the Irlsh prime minister, yesterday warned he would help Britain impose a tough security clamp down against the Irish Republican Army if it did not respond positively to the two govern-ments' hid to hring peace to Northern Ireland.

As Mr Reynolds sought to put further pressure on the IRA to give up its 25-year armed strug-gle against Britain's presence in Ulster, Mr John Major, the Britisb prime minister, appealed to Ulster unionists, who support the province's union with the UK, to recognise the initiative as the last chance for peace.

Mr Reynolds, speaking on BBC

radio, warned that both governments "would be expected to respond" if loyalists and nationalists resumed the path of vio-lence. He said: "After a period in which such strong support has been expressed by the people in think there would be a revulsion with a resumption to full-scale

However, he ruled out a return to internment for terrorist suspects, which he said was "the strongest recrulting platform that the IRA were handed". It seems increasingly unlikely that Sinn Fein, the IRA's political wing, will deliver an early

response to the declaration the two governments launched last

By Julian Ozanne in Jerusalem

Israeli and Palestinian officials

held talks at a secret location in

south-east Norway yesterday in

an effort to hreak the deadlock

over implementing their peace

Jerusalem stressed that the gov-

ernment was united in refusing

to compromise with the Palestine

Liheration Organisation over

control of borders - the issue at

the heart of the disagreement.
Officials said Israel wanted Mr

Yassir Arafat, PLO chairman, to

withdraw his demand for joint

control and joint patrols on the borders between the Gaza Strip and Egypt and between the West

Cabinet ministers who met in

accord.

position came from Mr John Hume, the leader of the moderate Social Democratic and Labour party, speaking after talks yesterday with Mr Gerry Adams, the Sinn Fein president. Mr Hume

Four people - including three children - were taken to hospital with minor injuries yesterday after the IRA detonated a hnge landmine in Londonderry. The bomb, which was aimed at

passing British army patrol, was the first significant military attack since the Downing Street declaration. It gave a clear sign that the

IRA is not observing an unoffi-cial ceasefire while deciding on its formal response to the Major-Reynolds peace initiative.

said he believed Mr Adams was "very serious" about bringing peace to the region.

in a Dublin newspaper article, Mr Adams said: "Republicans will be considering (the joint declaration) in the context of Sinn approach it positively and seek to move the peace strategy for-The Republican movement, he

said, would consider the declaration "over Christmas and for some time after that ... There are no quick fixes in this situation" Mr Reynolds tempered his warning about a new security clampdown with hints of the henefits the IRA might receive if it sued for peace. He also suggested the UK government might hold An indication of Sinn Fein's talks on "the future of prisoners'

Secret Norway talks seek to

chind the differences is a misun-

derstanding hetween the two

sides, with Mr Arafat trying to

eignty from Israel as possible in

an effort to portray the interim self-rule period as the embryo of

"There is a basic gap in posi-tions," Mr Benjamin Ben Eliezer, housing minister, said. "Yassir Arafat thinks that this is a pro-

cess to establish a Palestinian

state. We are talking only about

a transitional period of autonomy

to test whether co-existence is

prime minister, said he would only meet Mr Arafat for a sum-

mit in Cairo if progress was

Mr Yitzhak Rahin, the Israeli

a Palestinian state.

win as many symbols of sover-

end Israeli-PLO deadlock

held in British jails, "I think that'e what the British government would have in mind in exploratory talks with Sinn Féin when they said they would engage in talks within three months," he said.

However, Downing Street officials said the subject of prisoners was not among initial proposals for talks with Sinn Féin in the aftermath of a ceasefire, Downing Street emphasised that British jails contained "criminals", not

"political prisoners". Unionist politicians also warned that they would oppose any amnesty to IRA prisoners as part of an overall deal.

Mr David Trimble, the Ulster Unionist MP for Upper Bann, warned: "If there's any question of an amnesty for persons who've been convicted...there'll be a very negative reaction."

Mr Major's appeal to Northern Ireland's unionists to accept the peace initiative, saying there would never be a better time for paper, he said the joint initiative did not undermine the union

between Great Britain and Northern Ireland Mr Major said: "I support the union. I have always supported the union. That is my persona

right.
"But I shall not seek to impose my view on the greater number of people of Northern Ireland if they decide otherwise."

Peace deal may turn on forme

place on Thursday but that a

delay of up to two weeks is more

The summit is seen on both

eides as critical to hreathing

fresh momentum into the peace process and starting Israeli mili-

tary withdrawal from Gaza-

Jericho, which should have

Under the peace accord, Israel was due to begin a four-month

process of redeploying its forces out of Palestinian population

areas and handing over power to

an interim Palestinian authority

on December 13. Both sides fear

that further delays will fuel spi-

ralling Arab-Jewish violence by

extremists bent on sahotaging

Officials said the decision to

resume talks in Norway, which

started last Monday.

the agreement.

#### **Opposition** SPD given boost in German **elections**

By Judy Dempsey in Berlin

Germany's opposition Social Democratic Party yesterday unexpectedly etemmed the advance of the reformed communist Party of Democratic Socialism by winning one of the key cities in the eastern state of Brandenhurg, according to exit

Mr Horst Gramlich, the SPD's incumbent mayor of Potsdam, the state capital of Brandenburg. gained a projected 56 per cent of the vote, 10 points ahead of main contender, Mr Rolf Kutzmutz of the PDS, who had been tipped to clinch the post of mayor in this second-round election. The recent series of local gov-

erument elections, the first in eastern German states since unification, have shaken the established parties as the PDS, the successor to the former Socialist Unity (communist) party, gained 21 per cent of the first-round vote, while Chancellor Helmut Kohl's governing Christian Democrats received only 22 per cent. The apparent defeat of Mr Kutzmutz, who, in the first round, polled 43 per cent of the vote ahead of Mr Gramlich's 30 per cent, would be a set-back for PDS, which believed it was

party for eastern Germany. Mr Kutzmutz, an admitted informer for the former east German secret police, the Stasi, had



Rolf Kutznutz votes in Potsdam yesterday. His apparent defeat would be a setback for the reformed communist party

run an efficient campaign aimed which had managed to secure at the unemployed and those who about 34 per cent of the vote in felt aggrieved that Germany's the first round, were determined sider the particular social and economic problems of eastern Germany since unification. Officials at Brandenburg's SPD, state, and federal elections.

ing an established political force in Potsdam and a potential threat in next year's round of local,

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to go w substantially, a testament to the group's strong balance. sheets, risk siverse orientation and conneyadd heritage.

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locally managed, armined to the language and colours of their distances. They share a philiseophy that emphasites lasting relationships and mutual trust. These values were once the foundation of banking. At Republic, they have been and always will be:

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NEADOFFICE GENEVA 1204 - 2 PLACE DU LAC - (41, -052-708 a5 55 - FOREA - 052-705 55 50 AND GENEVA 1201 - 2 PUE DE - 01-010 NIMERAL - CONTRIGHT - 15 PE - 15 PUE DE - 01-010 NIMERAL - 15 PUE - 15

#### Bank area of Jericho and Jordan. In return, Israel would allow a reached in Oslo. substantial Palestinian presence Progress would have to be at the borders and would be more approved by Jerusalem and PLO conciliatory on the other outstanding differences: the size of

the Jericho area and the role of the Israeli army in protecting settlers who will continue to live in

adquarters in Tunis before the summit, tentatively scheduled for Thursday, could go ahead, he said. Officials and ministers still believe the summit and the sign-CONTENTS

hosted the secret talks that produced the agreement last September, was taken because both sides trusted the Norwegian hrokers and had failed to make progress in bilateral talks.

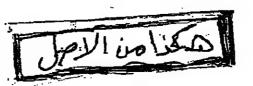
Gaza-Jericho. Officials say that ing of an agreement could take

likely.

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LONDON - PARIS - FRANKFURT - NEW YORK - TOKYO



Europe's steel industry, battered hy recession and deep-seated structural problems, moves into a new stage in its fight for survival and long-term prosperity this week after the resolution of a series of

wrangles over state subsidies.

During the past year, unsubsidised steelmakers and their spokesmen have lobhied vociferously from the sidelines as the European Commission struggled to win approval from member states for a package of deals to end state aid.

Now, with industry ministers manimously agreeing in Brussels on a deal involving some 5m tonnes of capacity cuts by state-aided producers, the spotlight shifts onto the non-aided steelmakers. To fulfil the Commission's target of

The spotlight will now shift to the non-aided steelmakers, writes Andrew Baxter

year of crude steel, they would have to however, is deeply worried by Friday's offer capacity cuts of 25m tonnes. Judging deal and questions whether it will resolve by the anger and sharp words following Friday's meeting, the cuts are unlikely to be handed to the Commission on a plate.

Some of the non-aided sector's planned cuts are already known. But most privatesector companies have held back from offering cuts until the state subsidy cases were resolved. The stance of the unsubsidised companies, therefore, is now crucial to the success of the entire initiative to restructure the industry. Unless overall capacity is reduced, the industry will have failed to address one of its fundamental structural weaknesses. The private sector, the industry's long-term problems, whatever cuts in capacity are offered.

Mr Ian Rodgers of the British Iron and Steel Producers' Association says: "All the way along the Commission was looking for the easy way out, rather than the most stringent solution consistent with the Treaty of Paris."

The Commission and the industry ministers said that ending subsidies was the only way to secure a healthy EU steel industry. But by operating in the way it did, says Mr Rodgers, the Commission had failed to send the signal that countries

could never come back with a begging bowl if a steelmaker gets into trouble. The industry's disappointment was shared by independent observers. "The nettle has not been grasped," says Mr Steven Randall of Beddows & Co, the London-based steel consultants. "Private-sector companies will ask why they should have to make cuts when loss-making state companies will survive for the foreseeable future."

There are two reasons, however, why the non-aided steelmakers are likely to come up with some or all of the capacity cuts, even though the Commission cannot

force them to do so. First, Mr Martin Bangemann, the EU's industry commissioner, warned on Friday that other elements of the Commission's rescue plan, such as Ecu240m (£183m) to help pay for redundancies, and safeguards to limit imports from eastern Europe, would be withdrawn if unsubsidised steelmakers did not volunteer capacity cuts.

Secondly, steelmakers are realistic enough to accept that, whatever their feelings, the subsidies agreement is now set in stone. By deliberately withholding capac-ity reductions in a declining market, the industry could be cutting off its nose to

Mr Peter Fish, managing director of the Sheffield-based Meps Europe consultancy,

says: "I think steelmakers will go along with the plan, albeit reluctantly, but whether the capacity cuts will be as deep as they might have been is a different

There is also concern about where the cuts will come from. Achteving a 20mtonne reduction would require about 10m of cuts on top of the 10m-11m already

indicated in Germany and France. But Mr Fish believes this will come more from the long products sector, where reducing heavy overcapacity does nothing to help the flat products producers. "I don't see large integrated producers closing strip mill products plants - maybe a couple of plate mills and associated melting shops will close."

# Italians face tough task, says Savona

Mr Paolo Savona, the Italian industry minister, has warned that the country's steel industry faces a tight timetable to comply with the agreement reached last week hy EU ministers to cut steel capacity,

The warning comes in spite of Italy ohtaining a better deal

than had been expected. Government subsidies to the state-dominated steel sector and Italy's consistent refusal to reduce capacity has been the most serious source of friction on industrial policy hetween Rome and Brussels for more than three years.

The agreement, endorsed last Friday by EU industry minis-ters, involved Brussels accepting that Ilva, the Italian state steelmaker, envisages a reduction of 2m tonnes in overall Italian steel capacity. The concession accepted by Brussels was that this cut he spread between the state and private sector instead of wholly on

The EU ministers also accepted that L500hn (£199m) in tax credits for Ilva would not be treated as subsidies.

Though pleased at being able to keep alive a third produc-tion line of flat products at flya's Taranto complex, the higgest steel works in Europe, Mr Savona warned Italy was under tight surveillance. The monitoring commission would be in March.

If the timetables were not met and Italy failed to proceed with its planned privatisation of Ilva, the agreement could unwind. There would then be no further opportunity for the EU to endorse a state-aided solution to the losses in the steel industry.

The Italians also said they would watch the position of the British and Danisb governments which have pledged to

The EU agreement un steel restructuring, once formally approved, paves the way for two other separate agreements, writes Andrew Hill. One is on a new structure for aid to the Union's coal industry, due to come into force on December 31, and another on the directive opening no competition in the oil and gas exploration sector. Before the steel pact was struck, Italy had been holding np these other two proposals in an attempt to persuade Germany to agree on the steel package.

respective parliaments.

The agreement paves the way for Ilva's privatisation, with the group being split into two - one for flat products, the other for special steels. Mr Savona said he expected that Iri, the state holding and Ilva's proprietor, should ohtain L4,100hn from the sale, due to be competed by the end of 1994.

In tandem with the privatisation process, the government now has to address the problems of several loss-makers in the private sector and establish how at least 500,000 tonnes of annual canacity is to be cut. Mr Savona said that some 3m tonnes of steel was being produced by companies with prob-

The government's problems clally its sub-contractors are also unlikely to he resolved easily.

Between 10,000 and 12,000 Jobs are expected to be lost at Ilva, over a quarter of the workforce. The Bagnoli plant at Naules has been closed for two years but occupied for most ol this time by workers hoping the plant could be

At Taranto 170 workers employed hy sub-contractors forced the plant almost to shut down on two days last week.



PAOLO SAVONA. THE ITALIAN INDUSTRY MINISTER

'This is a good result of our discreet Italian 'Most of the package would involve an approach. I don't think a government in the element of privatisation. In all three cases future will change the agreement. If we we are moving towards privatisation and violate it we would have to leave the EU' there will be much fairer trading for steel'



MARTIN BANGEMANN, EU INDUSTRY COMMISSIONER

The ball is very much in the court of the 'We have accomplished one piece, but we private steel industry. If the industry are far from finished. When you have to doesn't take a decision, and we can't force discuss state aid cases and you have to get said Heide, who was selling them to, then that is the end of the plan' unanimity, you can forget about it' Steelmakers under Brussels microscope



TIM SAINSBURY, THE UK INDUSTRY MINISTER



KAREL VAN MIERT, EU COMPETITION COMMISSIONER

# Aid lifeline for Ekostahl

Judy Dempsey on an east German town which hopes to stop the rot

ngrid Krüger, 55, said: "Its a nice Christmas present." She worked at the Ekostahl steel mill for 27 years. But after German unification, like many other women in the plant, she lost her job.

"We waited three years for this decision from Brussels. It's a good day for the people of Risenhüttenstadt. I just hope its for real."

Under the terms of Friday's European Union decision, the German government and the German government and the Treuhand privatisation agency will be allowed to pour more than DM1bn (£300m) of subsidies into the Ekostahi mill in the eastern state of Branden-

The subsidies will be used to modernise the plant as well as install a hot-rolling mill. Riva, the Milan-based privatelyowned steel company which has sole negotiating rights to buy Ekostahl from the Treahand, reckons the mill will have an annual capacity of about 2m tonnes after modernisation is complete. "I don't care about levels of

capacity. The most important thing is that the mill will stay open," said Mr Relph Bakema a 42-year-old technician who has worked at Ekostahl for the past 20 years. You see, there's nothing else around here: Eisenhüttenstadt was built around the steel plant in the early 1950s. If that goes, we'll have nothing left. The shops and services won't have be a wasteland."

The shopkeepers were hoping husiness would pick up before Christmas. There was little activity along the town's main street. People were standing at the make-shift market stalls, drinking hot mulled wine or beer, stamping their feet to warm themselves. A few Poles had arrived. They immediately opened their car boots and started selling toys.

"Money is scarce. People go across the border to shop,

man producer and at one point it looked as though Denmark

might block an overall deal, on the grounds that steel from

Ekostahl would compete

directly with a non-aided Dan-

ish plant. In the end the two

countries won key amend-ments to the deal Production

at the company's new hot strip

mill will be limited to 900,000

tonnes a year until 1999. For

flowers. The border with Poland is only 20km away. "Why should anyone set up a business bere when the wages are one-tenth the price down the road," she added. "Maybe if we really get those subsidies and find a buyer for Ekostahl,

business might pick up." More than 8.000 of a previous 12,000 workfurce at the mill have already been made redundant. The unemployment rate in the town of some 50,000 people is running at 23 per cent. The subsidies are not expected to guarantee all the remaining jobs. If anything, the modernisation plan will require even fewer workers. The people of Eisenhüttenstadt have few illusions.

"I'm not so sure about the: future," said Mr Helmut Appa, 52, who used to work at the plant until three years ago. We'll only get real security for a certain number of jobs once the plant is privatised.

e added: "We fought hard for those subsidies. The steel producers over in west Germany never showed the slightest bit of solidarity with us. And I know why. They were afraid that if we managed to get the subsidies, we would really become competitive." Mr Helmut Eckhert, a

retired crafisman, said: "We should be given the chance to become competitive. And that is why we demand special pointed out that Ravenscraig in Scotland had to close its gates because of overcapacity, he said Eisenhüttenstadt was a different case.

"We lost everything after the Wende (fall of the Wall). We lost the markets, the subsidies, jobs for life, cheap housing. Everything has gone too fast," he said. "Now Brussels tells us everything. How much to produce, how much to grow. Its ridiculous the speed in which we have been plunged into these changes," be added.

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## By Andrew Hill in Brussels

After a year of acrimony, agreement last Friday set the seal on total aid of Ecu6.791bn (£5.17bn) for subsidised steel companies in Germany, Italy, Spain and Portugal, But it heralded a period ol tough monitoring by the European Com-The subsidised companies

will be cutting capacity of more than 5m tonnes, but virtually every step they take will be watched. If the Commission decides its conditions are not being respected, it could demand suspension or even reimbursement of subsidies. The four member states will have to send the Commission reports at least twice a year on the producers concerned, cov-

tion levels to financial performance. In particular, companies will have to prove that any investment which increases steel capacity is not being financed by state aid.

into each decision a clause stressing that if the company concerned does not return to profitability, further state subsidies will be turned down. Ministers also agreed to make a "firm commitment to avoid any further Article 95 derogations in respect of aid for any

Article 95 allows the European Union to exempt subsidy plans from the outright ban on subsidies contained in the Treaty of Paris, on which the European Coal and Steel Community is based. As Commis sion and national officials admitted on Friday, the politi-cal declaration limiting aid will not be legally binding. Until the Treaty of Paris expires in 2002, governments will still be able to demand exemption for state subsidies: the implication, however, is that the Commission will be tougher next time in enforcing the treaty's ban on state aids.

Friday's meeting reached unanimous agreement on six fied as the British industry has Ministers agreed to write separate proposals, making up pointed out.

European steel capacity cuts*										
Company	Country	Ald (m Ecu)	Reduction ('000 tonnes)							
SIDENOR	Spain	515	439							
CSI	Spain	2.817	2,300							
FREITAL	Germany	140	160							
EKOSTAHL	Germany	428	462							
ILVA	Italy	2,585	2.000**							
SIDERURGICA NACIONAL	Portugal	306	. 140							

FU cuts coreed for state-aided sector

Based on 1.2m tonnes of cuts at liva's Taranto plant, 500,000 tonnes at plants owned by the eventual buyer of Taranto, and 300,000 tonnes in the Commission's original figures for Ilva's dormant Bagnoli plant. Source:- European Commission

the largest package of state aid for the steel industry since the crisis of the 1980s. These were

the main conclusions: Ilva: the state-owned Italian producer will cut 1.2m tonnes of annual production at its Taranto plant, and the buyer of Ilva's flat products business will close a further 500,000 tonnes elsewhere - although the product area is not speciNo figure has been put on the capacity to be cut at Bag-noli, a dormant hot strip mill which will be shut down for good. In the Commission's original figures Bagnoli accounted for 300,000 tonnes, but Italy always argued it was worth more. Bagnoli must still be closed but in the final document the figure for capacity reduction has been left blank, Ekostahl: The UK and Den-

mark were worried about the

the five years after that, according to the Commission. it will be limited to "significantly below 2m tonnes.

Mr Tim Sainsbury, the UK's industry minister, was more precise about the figure. On Friday he said he had won a commitment from the Germans that Riva - the Italian company which is bidding to buy Ekostahl - would limit annual production to 1.65m

tonnes up to 2004. Mr Melchior Wathelet, the Belgian industry minister who chaired the meeting, stressed that new production during the first five years would be used

to run for 30 years. Contracts

are expected to be signed with

the successful bidder by

March. The two consortia have

been short-listed from an orig-

inal list of six bidders. The

18km toll viaduct and cable

hridge proposed by Trafalgar would become part of the

city's northern regional high-

cessing in Ekostahl's cold rolling facilities". He also said that 1.65m tonnes represented the capacity of the cold rolling facilities at Ekostahl. CSI: The Spanish industry minister, Mr Jose Manuel Eguia-

garay, managed to persuade his counterparts that the flat products plant at Ansio, near Bilbao, would close at the end of 1995, instead of the middle of 1995 as originally agreed with the Commission. However, he signed up to a text which said CSI would do its best to close the plant earlier.

Deals involving Siderurgica Nacional in Portugal, Freital in Germany and Sidenor in Spain completed the package.

THE FINANCIAL TIMES Published by The Financial Times (Europe) GmbH. Nibelungenplatz 3, 60318 Frankfurt am Mein, Germany. Telephone +449 69 156 850, Fax +487 69 5964481, Telex 416193. Represented by Edward Hugo, Managing Director. Printer; DVM Druck-Vertrieb und Marketing GmbH. Admiral-Rosendahl-Strasse 3a, 63263 Neu-laenburg (owned by Hürripet International).

Strasse 3a, 63263 Neu-Isenburg (owned by Hibriyet International). Responsible Editor: Richard Lambert. of The Financial Times Limited, Number One Southwark Bridge, London Sell 9HL, UK, Sharcholders of the Financial Times (Europe) Control The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Sharcholder: of the show mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated ander the laws of England and Wales. Chairman: D.C.M. Bell.

FRANCE FRANCE
Publishing Director: J. Rolley, 168 Rue de Rivol, F-75044 Paris Cedex Ol. Telephone (01) 4297-0621, Fax (01) 4297-0628, Printer: S.A. Nord Eclair, 15721 Rue de Caire, F-59100 Roubaix Cedex I. Editor: Richard Lumbert. ISSN: ISSN 1148-2753. Commission Parisaire No. 57808D.

# Trafalgar House-Bouygues contest

By Andrew Taylor. Construction Correspondent

Two of Britain's and France's largest construction companies are leading rival consortia which have been sbortlisted to hid for one of Europe's largest private infrastructure projects.

Trafalgar House of Britain

and Booygues of France are

competing to huild the £500m

privately-financed toll road

bridge across the river Tagus

close to the Portuguese capital. Lisboo. French and Portuguese authorities established good

relations during the recent Gatt trade negotiations when both countries adopted similar policies on agriculture. Trafalgar House, however, is

negotiations that its consor-

tium commands a higher pro-

portion of independent Portu-

guese companies than the

Bouygues-led bid. Trafalgar

bolds just under 25 per cent of its Lusoponte consortium. It also has a French partner, Campenon Bernard, which holds a similar stake. Five Portuguese companies own the remaining 50 per cent.

Bouygues's hid is supported by Dragados, the Spanish conunderstood to have stressed in struction company. Both groups are understood to have stressed the Importance of their local Portnguese operations. The contract is viewed as an important poten-

tial stepping stone to other projects as European countries increasingly look to private companies to finance developments which previously would have been funded by the pub-

Bonygues and Trafalgar House have led the way in building private infrastructure projects in their own coun-

The concession to operate the new bridge, due to start operating in 1998, is expected

way system. Financial backing for Trafalgar's bid comes from five Porse financial institutions and 11 international banks.

للكذا منالاهل

#### Kiev claims preliminary pact on compensation for arsenal

# Ukraine nears nuclear deal

The Ukrainian government said at the weekend it had reached a preliminary agreement with the US and Russia on the "idea of compensation" in exchange for Ukraine's relinquishing of its nuclear

There was no confirmation of the deal yesterday in Washof the deal yesterday in Washington or Moscow. However, Mr Al Gore, US vice president, said in Budapest at the weekend that "all sides will tell you that progress is being made."

If a concrete agreement on financial compensation for uranium is worked out in subsequent talks, it would remove one of the three main conditions Ukraine has imposed for giving up its remaining 176 strategic missiles and becoming a non-nuclear state. Kiev's other two demands

are technical aid for dismantle-

ment and security guarantees. Ukraine's presidential for-eigh affairs adviser, Mr Anton Buterko, also reported in an interview with the Financial Times that during trilateral talks, which lasted until midnight, experts were finalising

made in negotiations on guar-

According to the government press service, Mr Valery Shmarov, deputy prime minister, said: "The idea of compensation for tactical weapons was accepted." He was referring to the 2,760 short-range nuclear warheads Ukraine transferred to Russia last year. Mr. Shmarov hoped that compensation for these warheads would offset Ukraine's \$2.5m energy debt to Russia

"As part of compensation for strategic weapons, agreement was reached to supply uranium

Trilateral discussions hetween the US. Russia and Ukraine have been going on since early autumn Ukraine's announcement followed two days of talks on Thursday and

Kiev's public posture seems to be an attempt to take advantage of the west's possible new sympathy for Ukraine's security concerns in the wake of the nationalist victory at the Russian polls. While the west is reassessing its relations with Russia. Ukraine may be hoping create some rapid momentum



Serhian President Sinbodan Milnsevic votes at a Belgrade polling station yesterday. His ruling Socialists, writes Laura Silber in Belgrade, are struggling to retain power amid economic chilapse in the sanction-bound country. Yesterday's par-

liamentary elections, the third in four

## Budapest storming towards **Christmas**

East Europeans had a word for it in the bad old days of the command economy: "storming", the frenetic effort to fulfil plan targets in the last days of a month or year.

Some things do not change. In this week before Christmas, investment and common-garden bankers, executives, lawyers and brokers are racing to heat deadlines as breathlessly as communistera coalminers and steelworkers ever did.

Lawyers are pulling all-nighters at Baker & McKenzie. "You can ent the atmosphere with a knife," says Mr Peter Magyar, partner at the law firm. Everybody is just incredibly tense."

The Kempinski, Budapest's premier hotel, crawls with "stormers" desperately trying to complete deals in time to get away for Christmas or at any rate before the new year. So what is going on? The capitalist financial year is proving as hard a taskmaster as the communist plan period

and, in age-old Hungarian fashion, everything has been left again to the last Hungary's generous investment incentives giving fiveyear tax holidays expire on December 31. So privatisers, foreign buyers and their advis-

transactions before the new year. "I've never had so many deals going on at the same time," says Mr Peter Kadas of investment bank Credit Suisse

The privatisation timetable for Matav, the Hungarian state telecoms company, is so tight that participents call it insane. "I wish they would learn that Christmas is the season for relaxation," says Mr Ed Mattix of US West, one of the tele-coms companies bidding.

Hungary's bankers too are busy preparing for extraordinary general meetings next week at the three largest, and deeply troubled, commercial banks. Sharcholders have to agree to the terms of a government bail-out to restore their capital before closing the 1993

Not everyone is storming. however. Most Hungarian manufacturers close down over between Christmas and the New Year and factory workers can take it easy. Tha communists had another expression: capitalist exploitation. This is capitalism. But who is exploiting whom?

#### agreements on technical assistance and progress was being

Popularity of neo-fascist Zhirinovsky increases Russian threat to republics, writes Steve LeVine

South's oil-rich infants vulnerable to Moscow bullying

be southern belt of the former Soviet Union and its infant petro-economy is perhaps the most vulnerable of Moscow's neighbours to a more aggressive foreign policy. The region, from the Black Sea to China's western border, seems threatened on various levels by the resurgent Russia promised by the Liberal Democratic leader, Mr Vladimir Zbirinovsky, whose neo-fascist party won a large bloc of seats in parliamentary elections just over a week ago.

Among the worries south of Russia is the prospect of agitation by the south's ethnic Russian population which, according to incomplete returns. supported Mr Zhirinovksy in equal or even larger numbers than he received overall at

The backdrop to the anxiety



is that, while much of the region may manage to assert itself once its oil and natural gas industries develop, the south still manages little resis-tance to Moscow's political and military dominance. Even before the election, an aggressive Moscow had reclaimed rights in Azerbaijan's rich off-shore oilfields, Georgia's stra-

tegic Black Sea ports and Tajikistan's mountainous buffer zone against radical

The first signs of trouble have already appeared in the eight-nation region (Kazakhstan, Turkmenistan, Uzbekistan, Tajikistan, Azerhaijan, Armenia, Georgia and Kyrgyz-stan). In Kazakhstan, Mr

Zhirinovsky's birthplace, which like Ukraine has a large ethnic Russian population, a nationalistic Slavic group called Lad (Concord) adopted some of Mr Zhirinovsky's ideas at a political conference last Saturday. The conference, held in the Russian-dominated

northern city of Pavlodar to

prepare for the republic's

March 7 parliamentary elections, approved a platform including the establishment of a joint army and open borders with Russia, a return to the rouble zone, and the legalis-ation of dual citizenship.

Mr Valery Galeyko, head of Pavlodar's leading Russianspeaking association called the Slavic Community, says Lad also plans alliances with local ethnic Germans, Tatars and Chechens, to oppose what it considers Kazakh discrimination. "Wa need dual citizenship to restore the destroyed Soviet Union," Mr Galeyko says.

Lad's declaration may be only the beginning of the republic's ethnic problems resulting from the elections. When a neighbour's house is burning you cannot stay quiet," says Mr Manash Kozy-baev, a historian in the Kazakh

capital, Alma-Ata. "Russia is against a radical Islamic-led not burning yet, but there are those who want to set it on opposition.

are the conspicuous military backbone across central Asia's southern border with Afghan-

istan and Iran. Some 6,000 Rus-

sian officers supervise Turk-

menistan's fledgling army.

Ninety per cent of Uzbekistan's

military officers are ethnic

Russians. And Tajikistan is

completely dependent on a

more than 25,000-strong Rus-

sian force to protect its southern and eastern frontiers

The same predicament is faced in the Caucasus. Before Kazakhistan is also insecure agreeing grudgingly to join the Moscow-dominated Common-wealth of Independent States, economically. Although one day it will be wealthy from its huge oil resources, today it is Georgia and Azerbaijan reached the brink of disinteentirely dependent on Russia gration in wars that were armed and, according to an to refine and transport its oil. All of central Asia is vulnerable to Moscow to some degree. abundance of evidence, encour-Russian forces, for example,

aged by forces in Moscow. Azerbaijan now seems likely to face even greater pressure to succumb to Russian demands for a 20 per cent stake in a British Petroleum-led consortium that has negotiated rights to exploit 4bn barrels of offshore oil. Moscow also wants Baku to abandon the idea of shipping its oil through Turkey, a step that would strip Russia of its leverage as Azerbaijan's sole distribution point.

#### **NEWS IN BRIEF**

# VW agrees Seat restructuring plan

Volkswagen said its supervisory board approved a restructuring plan for its loss-making Seat subsidiary in Spain after an extraordinary meeting on Saturday, Renter reports from Berlin. Volkswagen said that it would spend about DM1.3bn (\$780m) on meastres at Seat by 1999, including DM575m in 1993. The company also plans a capital injection of DM1.5bn. Seat's work force would be cut by about 9,000 from 22,400.

#### Military resignations hit Greece

Greece's Socialist government faces an awkward task in replacing 35 high-ranking military officers who resigned at the weekend in protest at the recall of four retired officers to head the general staff, writes Kerin Hope in Athens. The country's military command structure has been virtually wiped out by the mass resigna-tions, which included a dozen licutenant generals and all but one admiral serving on the naval command council. The officers are reportedly reluctant to serve under the ageing commanders appointed last week because of their close ties with the governing Panhellenic Socialist Movement.

#### Romania wins no-confidence vote

Romania's minority government has hung on to power after narrowly winning a no-confidence motion lodged by pro-reform opposition parties, reports Virginia Marsh in Bucharest. After 13 hours of debate, the motion was overturned by 236-223 late on Friday, with 25 MPs not voting. It was the opposition's fourth no-confidence motion this year, but the first based on exclusively

#### Finnish exports worry France

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France has expressed concern to Finland about increased Finnish forestry exports to the French market, a Finnish foreign ministry official said yesterday, Reuter reports from Helsinki. The French also voiced hope in a diplomatic note that the matter could be settled in a way that did not affect Finland's negotiations to juin the European Union, Mr Antti Satuli, general director for external economic relations, said.

Foreign trade minister Mr Pertti Salolainen said he took the French note "very seriously". "There is a possibility that if we can't reach an agreement it might complicate the membership When you're 30,000 feet above another continent, you

needn't feel distant from your family.

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children on EMTEL, our in-flight cordless phones. (You

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#### Washington upset at fall in sales of semi-conductors

# **US** seeks chip talks with Japan

The US will request special consultations with Japan over falling sales of US semi-conductors in the Japanese mar-

With the Uruguay Round negotiations mostly behind them. US officials expect to focus on the thorny trade relationship with Japan, including the failure of Japanese compa-nies to reserve at least 20 per cent of the Japan semi-conductor market for imports, as specified under the 1991 Semi-

Conductor Arrangement.
According to Miss Charlene Barshefsky, deputy US trade representative, the foreign market share for the third quarter of 1993 is believed to have fallen to about 18.5 per cent, down from 19.2 per cent during the second quarter and 20.2 per cent in the first quarter. US and Japanese officials are to meet this week to evaluate the numbers.

In the special consultations, the US will present "a variety of steps which we believe they can take to rectify the situation", said Miss Barshefsky. In a speech last week she

concern was a proposal by the panese Cultural Affairs Ministry to permit a broad right of reverse engineering of computer software.

"This is not the law in the US; this is not the law ln Europe. Any attempt to embark npon this course, which has very serious implication for our software producers and for US creativity and ingenuity in this area. would be met with great seriousness on the part of the US,"

She indicated dissatisfaction with the results of a bilateral agreement on Japanese government procurement of super computers. US super computers have won a few contracts but mostly when they were in partnership with Japanesa companies or the US bids were

Miss Barshefsky also called into question Japan's commit-ment to ease foreign access to it had agreed to develop an analogue cellular system in the Tokyo-Nagoya corridor which would then be supplied by foreign cellular telephone

#### Chinese warn Britain on business prospects

British companies will continue to lose out in competition for business in China unless Hong Kong governor Chris Patten backs down and shelves his democratic reforms, the governor of China's Guangdong province has said, Renter reports from

Correction

Gatt

The Financial Times of December 16 incorrectly quoted Mr Nikolaus Boemcke, secretary general of the European Banking Federation, as implying that financial services and shipping had been excluded from the Uruguay trade liberalisation. In fact, both sectors are included in the agreement. Further talks are continuing to settle outstanding differences in these

Guangzhou.

"Patten terminated Sino-British talks by adamantly submitting his political reform bill to the Legislative Council, so of course he has to be held told Hong Kong reporters on Saturday, in comments similar to those he has made in the "It needs the one who tied

the bell to untie it." Mr Li Ziliu, Guangzhou's mayor, earlier said most British companies had been excluded from an underground railway project in the town because of the row over Hong

comments have prompted British business officials to warn that by proceeding with this stance China tional trading standing. They said such action would

not help Beijing's efforts to join global trading treaties such as the General Agreement on Tariffs and Trade.

# Hanoi hardliners put reform under threat

Iain Simpson sees stumbling on the path to market economy

s Vietnam begins to rich and poor in Vietnam. A count the rising social cost of its gradual transverse economy. there are renewed calls within the Communist party for

reform to slow down.
At the current session of the Vietnamese National Assembly (parliament), deputies - almost all of whom are also party members - are engaged in a heated debate on the direction and speed of economic reforms.

For all the talk of reform and more openness in Vietnam, the mbly session is strictly offlimits to outsiders. However, sources in the assembly and other observers say the debate is focusing on the "social evils" of corruption, unemployment and the growing gap between

Deputies from the more conservative wing of the party argue that these problems are a direct result of the country's gradual transition to a market many have appeared or got economy. They say the process much worse since they were must be slowed down so the government can again take control over the economy and institute some kind of social

suffered under the reforms. Foreign observers say these arguments are gaining ground from reformists, who say social problems such as these are caused by trying to straddle two economic systems. They say the sooner the government abandons the remains of a centrally planned system, the sooner it will be able to deal

with these problems. None of the social problems being debated at the assembly is solely the result of the government's reforms. However,

introduced in 1986. More than 2m people are jobless out of a working popula-tion of about 34m, and at least welfare for people who have 5m more are seriously under-

> his high rate is a result of both domestic and international changes. State factories which have been forced to close because they cannot compete have laid off tens of thousands of workers. Meanwhile, several hundred thousand were put out of

work when the army withdrew from Cambodia in 1989.

lectives in the north.

ment first appeared after the reforms were instituted, they caused it. and rolling them

Others were working in the formerly communist countries of eastern Europe and were

sent home after those regimes collapsed. Still others were farmers who fell victim to the dismantling of agricultural col-Nevertheless, some conservative party members have argued that because unemploy-

back would solve the problem. Corruption, another subject of debate, is endemic. A yearlong government campaign has produced hundreds of examples of graft among senior and junior officials but the interior

Victormese Prime Minister Vo Van Kiet has demanded tougher penalties against corruption, saying Hanoi must win back the sople's confidence as waves of graft and money-worship sweep the country, Reuter reports from Hanci.

Mr Klet said Hanoi would strengthen anti-corruption laws in 1994 and 1995 and would launch a "large campaign" to dissuade government departments from luxury spending, the official Vietnam News Agency reported.

"The situation has become so serious that it should be pre-vented and driven back by the efforts of the government and the active participation of the whole society," the agency quoted Mr Kiet as telling parliament on Saturday.

minister, Mr Bui Thien Ngo, has already told the National Assembly that the effort to

curb corruption has failed. The debate in the assembly appears to have grown out of concern that, if they are left unchecked, the growing wealth gap, rising unemployment and widespread corruption could lead to social unrest.

Reformers argue that if the government can create jobs

through foreign and domestic investment and continue its efforts to check corruption. unrest can be avoided.

However, the conservatives continue to say that unless more central planning government control are reintroduced. there could be a descent into chaos. In the current political atmosphere of Hanoi, their arguments carry a great deal of

#### **Debts** hamper poor states' recovery

By Michael Holman

Heavy debt repayments to the IMF and World Bank by the world's poorest countries are holding up their recovery and the loans should be rescheduled or written off, says a report published today.

The report, by the British charity Oxfam, calculates that debt repayments to multilat-eral creditors by 19 "severely indebted, low-income countries" now account for 30 per cent of their debt service payments. This is "more than double the level a decade ago". Most of the countries are in

Africa Payments to the IMF represent a special problem, according to the Oxiam analysis, "since they have outstripped the provision of new finance by some \$2bn since the mid-1980s".

The report proposes a new issue of Special Drawing Rights by the Fund geared specifically to debt reduction, and the sale of 10 per cent of the IMF's gold stocks to finance a debt write-off for the world's

The paper takes Uganda as an example of the group's predicamant. Scheduled repayments on the country's debt for 1992-93 came to \$173m . more than 80 per cent of export earnings. Actual repayments amounted to less than half. Of these, about 50 per cent went to multilateral creditors.

mainly the IMF and the Bank. By 1997, when repayments on a IMF structural adjustment loan fall due, almost a third of Uganda's debt service commitments will be to the Fund.

The Oxfam paper also warns that Africa's overall debt crisis is deepening, with the debt stock tripling over the past decade. The charity calls for the immediate adoption of the Trinidad Terms, which allow for between 66 and 80 per cent write-off of Paris Club debt owed to official, hilateral creditors. It blames "resistance" by the Japanese government and general "indifference" among creditors for the delay in adopting the terms. \*Uganda: Debt as on obstacle of

Road, Oxford OX2 7DZ. Tel: (0865) 311311. Fax: 312417

#### Algiers term extended

TRANSFER

DOWNED

The mandate of Algeria's five-man presidency, which was due to step down at the end of the year, has been extended to January 31, the official news agency APS reported yesterday, Reuter

writes from Algiers. The presidency, which is called the High Council of State (HCE), has ruled Algeria since the cancellation in January 1992 of a general election Islamic Salvation Front (FIS) party was poised to win. The FIS was later banned.

SURMA

MAN RIGHTS.

APS also said a long-planned national conference, designed to chart Algeria's path to

ESTAGO TOTTA & FICORES BANCO PINTO & SOTTO MAYOR

democracy after a transitional period expected to last two to three years, would be held on January 25 and 26.

Both announcements were made by the High Security Council, which is Algeria's highest constitutional authority, after a meeting yesterday. The conference is being

organised by a National Dialogue Commission, named by the HCE two months ago to try's political future. Since the vote was cancelled. Algeria has been gripped by violence, blamed by the

authorities on Moslem mili-

tants, in which 1,800 have died.

In few other countries have demands

for the scrapping of the Gatt accord been so loud as in India. No sooner

had Mr Peter Sutherland declared

Indian opponents of the agreement

They argued the ruting Congre

interests, fanning fears that the

accord would somehow deprive

India's poverty-stricken farmers of

subsidies and of the rights to use their own seeds without infringing

rights clauses would also, it was

The Economic Times, the

alleged, rob India's poor of cheap

business daily, tackled these attacks

head-on in its main leader on the

Gatt agreement entitled "Iti-inform

objections". The paper said sidilul

propaganda by the domestic drugs lobby had tooled well-meaning

people into regarding the Uruguey

Round as "a western conspiracy

to re-colonise india". Business

Standard, another business daily.

of ignorance. But it added there

supported the view that attacks on

was genuine concern about textiles

- India would have to wait 10 years

before the Multi-Fibre Arrangement

was phased out. "Here the politics

saying the bulk of the benefits of

the accord would be shared by the

The dominance of the developed

world in the talks was also forcefully

taken up by the nationalist Indian

developing countries were being

Express, it argued in its leader that

forced to follow economic strategies

which benefit industrialised nations

industrialisation are to be held on

a tight leash through discriminatory

patents and forced to import instead

of building on their manufacturing

by providing markets for their

exports. "Late starters in

of world trade, where India is a

lightweight, worked against it."

US and Europe.

patent laws. The intellectual property

(I) party had falled to defend India's

the negotiations completed than

went onto the offensive.

India

yesterday, the Interior Ministry said, Reuter reports from Journalists said at least three civilians had been killed

Burmese and Japanese carry banners and portraits of Burmese Nobel peace prize winner and opposition figurehead Aung San Sun Kyi during a protest in Tokyo yesterday against her long incarceration by the Rangoon regime.

ashes between supporters of the ruling party and the opposition, but ministry officials were not immediately able to confirm the reports. The opposition urged President Lansana Conte to post-

Soldier killed during Guinea poll pone Guinea's first multi-party

Opposition has vowed to disrupt multi-party election

Opposition militants protesting against Guinea's presidential election, but when its plea fell election stabbed a soldier to on deaf ears it vowed to do all. death in the capital Conakry in its power to disrupt the poll. in which Gen Conte faces seven opponents.

Witnesses said polling stations in Conakry's Hafiya district were burned down on Saturday night Sangoya and Cig-Madina were attacked yesterday morning. State radio said voting was normal in the interior in the towns of Kindia, Koya and town of Kankan, a bastion of the Guinean People's Assembly (RPG), the oldest opposition

The centre of Conakry, a centre of support for Gen Conte's Party of Unity and Progress (PUP), was calm.

election since independence from France in 1958. Until he died in 1984. Guinea was run as a one-party police state by President Sekou Toure. The Geneva-based Interna-

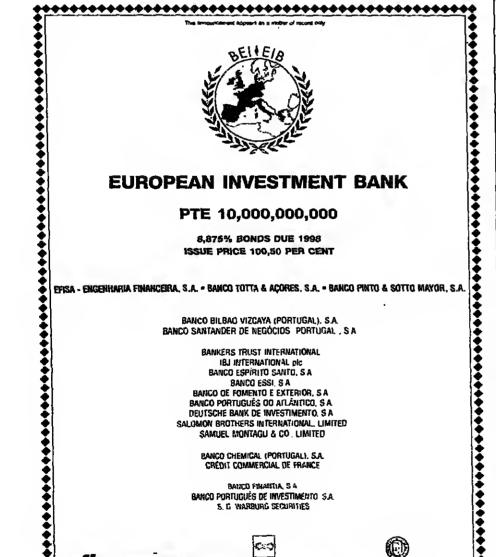
diate word from the mining tional Commission of Jurists said last Wednesday it had cancelled plans to monitor the election because it was not satisfied with arrangements.

Vehicle traffic apart from essential services was barred in Conakry from midnight but residents said troops were out

Gen Conte took over in a 1984 coup and only agreed to multi-party politics under foreign and domestic pressure. Scores of people have died in violence since May.

#### INTERNATIONAL PRESS REVIEW

Boke, but there was no imme-





Balladur (left) and Chirac: who did better from the Gatt agreement?

The whole agreement reflects

the overwhelming power of the US, furned the Express. "Gatt has become a coercive instrument for the promotion of the American interest." In the view of the Economic Times, such views are e distortion, it aroued that the agreement would bring growth, trade and other benefits for India. "The issue is not India vs the World," t said. "But Producers va

**United States** 

The visiting senior editor from the nto Bee was weiting in the White House press room on Wednesday to hear President Bill Clinton express satisfaction with the Gatt agreement. "There was a time when we could not get trade into the paper," ha observed, "now Certainly no trade agreement can have received the blanket coverage

accorded the Uruguay Round by the US press last week, with most twists and turns of the final negotiations closely followed, backed up by charts, tables and histories of Gatt, it was more often than not the front page lead story, until ousted by Les Aspin's esignation as secretary of defence Even television, rarely at ease with complex economic issues, gave it reasonably full treatment.

Editorially, most US newspapers d vilencifibert aver overwheimingly in favour of free trade. This week's leader headlines reflected this. "After seven years. a global gift" - the New York Time "At last a hurraln at the trace talks" - the Los Angeles Times; "The world wins one" - the Wall Street Journal; "The big winner" - USA

There was some marginal disappointment at what was not achieved ("it is much less than it could have been," said the Journal to be ideal. . , there are a number of disappointments," said the Washington Post) but near unanimity that failure would have been disastrous ("Its Individual provisions are much less important than its vibrant message," according to the New York Times.) Predictably, the Wall Street

Journal, found it hard to praise the edministration ("it seems to be dawning on some people - Including some former interventionists around the White House - that governme is simply too slow and clumsy to manage trade") and was sharpest in criticising the EC resistance to more liberal audio-visual trade, ("The EC doesn't have a 'cultural identity'. it has at least 12, even thousands.")

France

Mr Jacques Chirac, mayor of Paris and member of partiament for Corrèze, is pictured on the front page of this week's Le Canard chains, the satirical magazine,

clad in farmers' clothes and granacing at a newspaper that trumpets the successful conclusion of the Gatt negotiations. "Gatt: Balladur's Success." cries the newspaper headline. "No!"

growts Mr Chirac, who has a oitchfork tucked under his arm. They still haven't dealt with the Corrèzienne issue.\* Other cartoons in Le Canard

feature Mr Edouard Balladur himself the mastermind of France's Gatt machinetions and Mr Chirac's main rival for the conservative ticket in the 1995 presidential elections. 'Cher Edouard' is shown looking even smugger than usual.

The rest of the French press may rave painted a slightly subtler picture than Le Canard's cartoonists of the political consequences of the Gett affair, but the message was the same. The egreement has been billed in France as a triumph for Mr Balladur and a potential

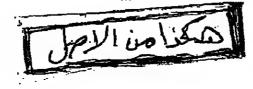
"The Right Crowns Ballactur" crowed the front page headling of Thursday's Libération, the liberal-left dally, "In eight months Edouard Balledur has made the best possible use of his parliamentary majority to exert his influence over Chirac and Giscard [the other conservative leader], while remaining popular," said an article entitled "The Modest

 $\mathcal{L}_{q} = f(q)$ 

Le Monde was even more udstory. "The confidence that the French electorate put in Edouard Ballacker was not misplaced," it said under the portentous headline "The Balladur Era".

The only cautionary note was struck by the conservative Le Figaro. "Mr Balladur has proved with Gatt that he is an exceptional manager of international crises," said its Thursday editonal. "It remains to be seen whether he will show the same talent for dealing with the problems of this country - rising unemployment and social

Reports from Stefan Wegstyl, Jurek Martin and Alice Rawsthom.



# 1980s 'bubble' has hit their reserves, study shows Japanese banks' loan woes Australian Treasury job

By John Gapper, Banking Editor

Japanese banks are so underprovided against bad loans from the "bubble economy" of the late 1980s that they would be left only with "hidden reserves" of capital from holdings of securities if provisions were raised to the right level, according to a study of the profitability of 300 international banks.

The study by the European bank ratings agency IBCA finds that the aftermath of the late 1980s boom has left the Japanese banking system as the least profitable in the world outside Nordic countries. Akita, the most profitable Japanese

bank, is only the 107th most profitable in the world

The study argues that Japanese banks remain "substantially underprovided" compared with banks in other big countries. It says that if they were correctly reserved against poor loans, they would need to have "accumulated provisions of

However, it acknowledges that Jananese banks - unlike those in other countries can fall back on "hidden reserves" of undervalued securities holdings. It says their capacity to fund write-offs from these would be "threatened if the Tokyo stock markat went into free fall once again".

The study, which calculates "real profitability for banks by applying a common equity-to-assets ratio of 4 per cent and a common taxation rate of 50 per cent to each, finds that Banco Popular, the Spanish retail bank, is the most profitable in the world for the third year in succession.

Banco Popular is followed by Bangkok Bank and Hang Seng Bank, reflecting the high profits of banks in the Asia-Pacific region because of strong economic growth and the lack of sophisticated capital mar-

US banks, which have recovered strongly from problems in the late 1980s,

also feature prominently, providing 11 of the 20 most profitable banks. The US market is found to have the highest returns on equity, of 14.2 per cent, compared with a return of 3 per cent in Japan.

British banks achieved a varied performance, with Barclays dropping to 285th in the top 300 banks in terms of profitability from a peak of ninth in 1981, and Bank of Scotland dropping to 128th from 2nd in that year.

However, Lloyds Bank has risen to 25th from 125th three years ago.

The most profitable British bank is HSBC Holdings, which is 16th most profitable as well as 15th largest bank in terms

HSBC is the only one of the top 50 banks in terms of asset size to rank in the 20 most profitable, and seven of the most profitable are among the smallest 100.

Retail Banking Profitability 1993-94; Laf-ferty Publications, IDA Tower, Pearse

research officer with the powerful Australian Council of Trade Unions before entering parliament, and his appointment would be unlikely to raise problems with the Labor narty caucus. This may he an important consideration: Mr Dawkins had heen beavily attacked hy both the unions and the party's rank and file, who claimed that he cared

more about the nation's budget

cal expertise.

The king is dead, God

Australian

deficit than its double-digit unemployment rate.

Contestants line up for

save the king. Barely had John Dawkins, the But in contrast to the individualistic Mr Dawkins, Mr treasurer. announced bis intection to Willis is generally viewed as a resign last Friday, than specu-"grey" politician, reliable but lation over his successor lacking in personal firepower. Whether this will appeal to Mr began. By the weekend's close, two names were at the fore-front of the running. Paul Keating, the prime minister, is a moot point.

Nikki Tait on the rivals to replace Dawkins

The first is Ralph Willis, the The second favourite confinance minister. The 55-yeartender, Mr Laurie Brereton. old politician, whose parliapresents very different attrimentary career stretches back hutes. Unlike Mr Willis, Mr more than two decades and Brereton is viewed as one of exceeds even Mr Dawkins', has Mr Keating's closest personal allies. Both were born into working-class Catholic families all the credentials. He has held his present job for three years. and even took the treasurer's in Sydney and climbed the position for a brief period in 1991, during the final days of political ladder via the right-wing of the New South Wales Mr Boh Hawke's administra-Lahor party. They have been tion. No one doubts his technifriends and political associates since their teens. Mr Keating Moreover, Mr Willis was a was best man at Mr Brereton's

But for most of his political life, Mr Brereton has played in the sometimes murky world of state politics. He did not move into the federal sphere until 1990, and his Canberra career only hegan to advance when Mr Keating took over from Mr Hawke.

After the last election, in March, Mr Brereton was made industrial relations minister.

This was always going to be a tricky assignment. From the outset, Mr Brereton's main task was to negotiate a labour market reform package which was both acceptable to the unions and furthered the government's aim of encouraging enterprise-based bargaining. After months of deadlock, a compromise was duly hammered out - but not without

So, while Mr Brereton is long on connections and has reputation for toughness, his credentials on the financial front are scant

intervention from Mr Keating

and, in the eyes of critics, some

Given that neither of these men presents a perfect sotution, there is no shortage of other names being put forward. Already, Mr Kim Beazley, the employment, education and training minister, has been tipped as a compromise candidate, as has Mr Simon Crean, the primary industries minister Outsiders - who might benefit if a broader governinclude Mr Michael Lee, the 36-

year-old tourism minister. But whoever takes over from Mr Dawkins will have little time to learn the ropes, a fact



Willis: all the credentials

which may weigh in the equation. The outgoing treasurer's final act has been to reorganise the hudget process so that finance bills are presented in May and then passed by the end of June.

This earlier presentation, with its built-in negotiation period, is designed to avert the embarrassing debacle which followed this summer's budget. Then, the legislation was stalled in the senate for two months while minor parties -who hold the balance of power there - haggled over specific

So, since the prime minister's office has made clear that no successor to Mr Dawkins will be announced until early in the new year, this will give the new treasurer just five months to learn his brief. Mr Dawkins, safe in Fremantle. may look on with compassion.

# Fox snaps up football from CBS

in Washington

hamper

recoven

Coumear

Mr Rupert Murdoch's For Network has dropped a bomb on the US sports television map with a \$395m-a-year bid that has stripped American football broadcasting rights away from the venerable CBS

network. Fox, still viewed as an upstart among the US television networks with programming built around teenage soap operas and mildly salacious comedies, offered \$1.58bn (£1.06bn) over four years for the rights to broadcast Sunday afternoon games from the National Football Conference, the stronger of the two professional American football

year higher than CBS was will-

CBS is now understood to have made an offer of more than \$265m a year for rights to broadcast games from the American Football Conference, the weaker league, but NBC, which currently holds these

rights, may match the bld.
With ABC retaining the rights to a Monday night game for more than \$225m a year, and the ESPN and Turner Network Television cable channels paying about the same for a Sunday night game, the professional American football leagues are expected to reap at least \$4.3bn from television over the next four years.

Although American football games are widely watched. The bid was 50 per cent advertising revenues have not higher than CBS paid for the matched the high fees paid in games provide an important lead into evening programming. CBS is estimated to have lost around \$100m on its NFC

contract last year. Mr Murdoch acknowledged Fox might lose money in the early years of the NFC con-tract, but said he expected to make money eventually,

make Fox into a real network. Other television sports executives, however, believe Pox is certain to lose heavily on the contract, and viewed the bid as a desperate attempt to prevent some of Pox's 139 affiliated stations from defecting to other

# last four years and is believed recent years, although the Latin American cash flows slow

By Stephen Fidler, Latin

Capital inflows into Latin America slowed slightly this year but remain significantly higher than at the beginning of the decade, the United Nations Economic Commission for Latin America and the Carib-

According to the Santiagobased organisation, net capital inflows fell to \$54.6bn (£36.6bn) this year from \$62.0bn in 1992, but compared with \$39.3bn in 1991. The net transfer of capital to the region - which also takes account of interest and dividend payments abroad -slipped below \$26bn this year

from \$33bn last year. The main beneficiaries were Mexico, where net inflows rose slightly to \$25.1bn from \$24.7bn, and Argentina, where inflows dropped to \$10bn from \$12.9bn. Inflows into Brazil dropped sharply to \$3.4bn from \$8.8bn and into Venezuela to \$1.32bn from \$2.33bn. Capital inflows fell slightly into Chile to \$2.89bn and into Peru to \$2.86bn. Flows into Colombia

The commission said capital continued to come from nonbank private sources, noting. that bond issues from the region reached \$19.3bn this year. Foreign direct investment was maintained at "very high levels". However, the difference between interest rates in the US and in Latin America

in encouraging capital. The capital inflows - along with fiscal balance, more stable prices and growth - offered a virtuous circle which would generate confidence in the permanence of economic policy, said Mr Gert Rosenthal, the head of the commission. But he said worries remained about the size of the region's current account deficit, up to \$42.6bn this year from \$36.9bn in 1992.

Its preliminary assess about 5 per cent in 1992.

America Editor, in São Paulo

the state of the Latin American economy showed a continuation for the third successive year of moderate economic expansion: 3.2 per cent, implying per capita growth of 1.3 per cent. However, if Brazil is excluded, regional growth dropped to 26 per cent from

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# Lifeline planned for loss-making Names

Names on the Lloyd's of London insurance market facing substantial losses may soon be extended a img-term lifeline to help them meet the crippling demands being made on

their assets, it emerged yesterday.

Mr Ken Randall, chief executive of Randall Group, the insurance advisor, said that he was close to announcing details of a financing package that would allow repayment over ten years of losses by Names, the individuals whose assets have traditionally supported the market.

The service is one of a number of initiatives being planned by Randall Andrew Jack on the Randall Group scheme for Lloyd's

Group following the announcement yesterday that it had sold a substantial minority stake to J O Hambro Magan, the merchant bank. Mr Randall said be had obtained the

support of one US and several UK banks towards raising at least "a few bundreds of millions" and possibly more than one hillion pounds on the Euro-markets which would be used to pay cash calls levied on Names. The package would be structured so that Names would only pay interest on their loans for the first three years. and then equal-sized instalments of the capital owed over seven to ten

The announcement could provide welcome relief to many Names currently considering whether to accept a £900m out of court legal settlement with Lloyd's or pursuing lengthy litigation. The latest estimates from Chatset, the research group which covers the market, suggest Names could face demands for £8.65bn over

Mr Randall said he had been working on the idea over a number of weeks and had held detailed discussions "at a very high level" within LLoyd's and was finalising a number

of "technical hurdles". He said the idea had already been test marketed, and that final arrangements were now being made. Names would be approved for the scheme on

a case-by-case basis. The idea has been supported with

belp from Magan, which yesterday announced that it had bought 49 per cent of the shares in Randall Group for an undisclosed sum.

The group will in the future concentrate on three areas: insurance consultancy and management, investment management of insurance fimds and introductory and advisory services for investors in the London

Mr Randall, a former head of regulation at Lloyd's, refused to provide details of the financial position of the company other than to say its annual turnover was several million pounds.

## Britain in brief



#### ASB fails to agree on goodwill

The Accounting Standards Board will today unveil two alternative proposals for the treatment of goodwill in compenies' accounts after its own members were unable to agree a common line on one of the most controversial issues in

Goodwill is the difference between what a company pays to acquire another business and the value of the net assets of the company acquired.

It measures intangible assets, such as customers' goodwill, which are being acquired. But some companies have used goodwill in an attempt to disguise the high price they have paid for an

The board's eight members were equally divided between allowing companies to put goodwill into a special reserve, or holding it on the balance sheet and writing it off as its value diminishes over time.

Mr David Tweedie, the board's chairman, said yester day that if no agreement emerged he planned to hold open hearings to resolve the

#### Quangos up spending 10%

Unelected quangos are growing in number, employing more staff and taking a larger share of public expenditure, according to research by the Financial Times.

Quangos, quasi-autonomous nnn-governmental organisa-tions, increased spending by more than 10 per cent in the year to last April, much faster than inflation. They now account for more

than a fifth of public expenditure, with NHS trusts running hospitals, Housing Action Trusts financing homes for rent and an increasing number of schools and colleges becoming independent of local

#### Fisons plans to cut jobs, plants

Fisons, the troubled pharmacenticals and scientific equipment group, is planning plant closures and large scale redundancies in a bid to restore confidence in the company following the dismissal last week of chief executive Mr Cedric

A restructuring programme already expected to save £25m in the pharmaceuticals divisinn is to be widened to include a review of the lossmaking scientific instruments

Mr Patrick Egan, chairman and acting chief executive. said yesterday: "Some parts of it will be closed, some sold and some rationalised. Turnover will shrink but its should become profitable."

The poor performance of the division, which is expected to make a loss this year of £16m against a £12m profit in 1992, was cited by the company last ek as the main reason for Mr Scroggs' departure.
As part of the review, sepa-

rate businesses manufacturing organic analysis equipment are likely to be merged while the loss-making surface science operation may be scaled

#### Bishop doubts Christmas story

The Bishop of Durham, the controversial Church of England prelate, ignited a fresh row by describing elements of the Christmas Story as "mythical" and casting doubt on the account of the Three Wise Men.

The Rt Rev David Jenkins. traditionally the fourth most senior man in the Established Church, said elements of the Christmas Story fitted so well together in a poetic way "that they look like compositions to express the faith that already existed.

Dr Jenkins told BBC television that "on balance" he did not believe the Three Wise Men delivered gold, frankincense and mayorh to the infant Jesus, and he had "begun to wonder" about the story of there being no room at the inn. "Who knows?" he said

Dr Jenkins, who retires next July, has already caused outrage by using the phrase "conjuring trick with bones' in a discussion on the Resurrection.

# Jaguar boosts output by 43% over last year

Motor Industry Correspondent

Jaguar has increased output hy 43 per cent this year to about 29,500 cars from last year's 20,593. The 1992 figure was the lowest for 11 years.

Following the drastic cut of around 45 per cent in its UK workforce in the two years 1991-92, the fortunes of Jaguar, a subsidiary of Ford of the US, have improved markedly this year. Its UK workforce has heen virtually unchanged at

In contrast to much of the European car industry it has avoided short-time working during 1993, and since August it has been working significant overtime at its Coventry

Its worldwide retail sales have risen by around 24 per cent this year to 27,500-28,000 from 22,475 in 1992 largely due tn a strengthening of demand in the US.

Jaguar more than dnubled its sales in the US in November to 1,356 from 616 in the same month a year ago. About 70 per cent of its US business is now based on leas-

ing.
The US remains Jaguar's single most important market worldwide, and its sales there have increased by 49 per cent in the first 11 months of the

The luxury carmaker, bas

succession from 1989 to 1993, hut the losses have heen reduced significantly in recent months, as rising demand in the US has boosted production.

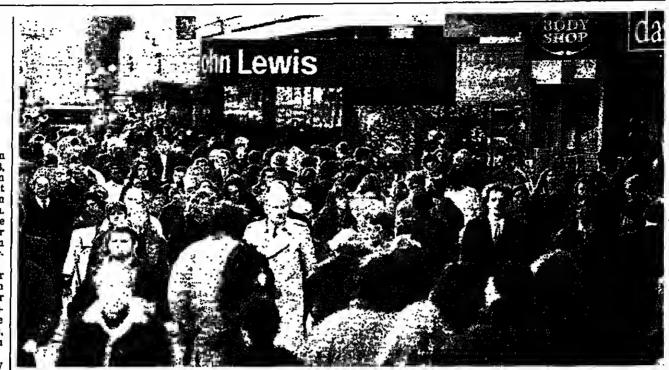
Its operating losses in the first nine months of the year were cut to \$226m from \$300m in the same period a year ear-

Its losses in the third quarter were reduced to \$108m from \$135m, but the third quarter loss this year included a onetime charge of \$65m for the closure of Venture Pressings, lts 50/50 joint venture with

Jaguar is being increasingly integrated into Ford's European nperations, and during next year production of the stamped body panels for Jag-uar cars will he transferred from Venture Pressings to the Ford plant at Halewood, Merseyside, which has free capac-

Jaguar expects output to rise further by more than 10 per cent next year tn 32-33,000 hoosted by the launch of a revamped version of its XJ6 luxury saloon, code-named

Production of this car will begin in the summer - with the body panels sourced from Halewood - and Jaguar is hoping that output could be running at a rate of around 36-37,000 cars a year hy the end of



Shoppers swelled London's Oxford Street as hopes rose that the feel-good factor would lift retail sales during the run-up to Christmas

# Otis seeks lift from UK designers

Otis, the world's largest lift manufacturer, is hoping to expand its share of the recession-turn UK market through a new British-designed range of standard lifts which has cost it £70m to develop.

The US-owned group unveiled the range last week in a move that is likely to intensify competitive pressure In the UK lift market. Mr John Leingang, chief

executive of Otis in the UK.

nificantly increase its share of the market for "model" nr standard lifts by offering customers innovative designs in more than 2,400 permntations.

The UK lift industry has been badly hit hy the construction industry recession, and the model lift market has been flat for the past 12-18 months, said Mr Leingang. Even so, it is performing bet-

ter than Otis' traditional market of high-specification, custom-huilt lifts for high-rise

said the new range could sig- nffice blocks, which has virtually collapsed.

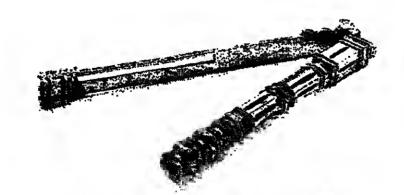
The new Otis 2000 series will be manufactured in France and Italy. It is the culmination of five years investment in customer research, techical innovation, safety improvements, modular engineering and systems, Otis said.

The interior was designed by London-based McColl Associates. Its higgest design gamble, sald Mr Leingang, was slde lighting - lift interiors are normally lit from the top.

 Despite last week's sharp fall in unemployment the number of British workers who fear they may lose their inhs in the next 12 months rose to nver 50 per cent in December, according to the latest MORI/IRS survey for the

Financial Times. It is nnly the third time since the muntbly surveys began last April that the fear factor has risen over 50 per cent and suggests that the budget has had a negative

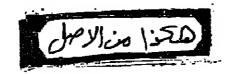
# The key to performance: an intelligent balance between risk and return.

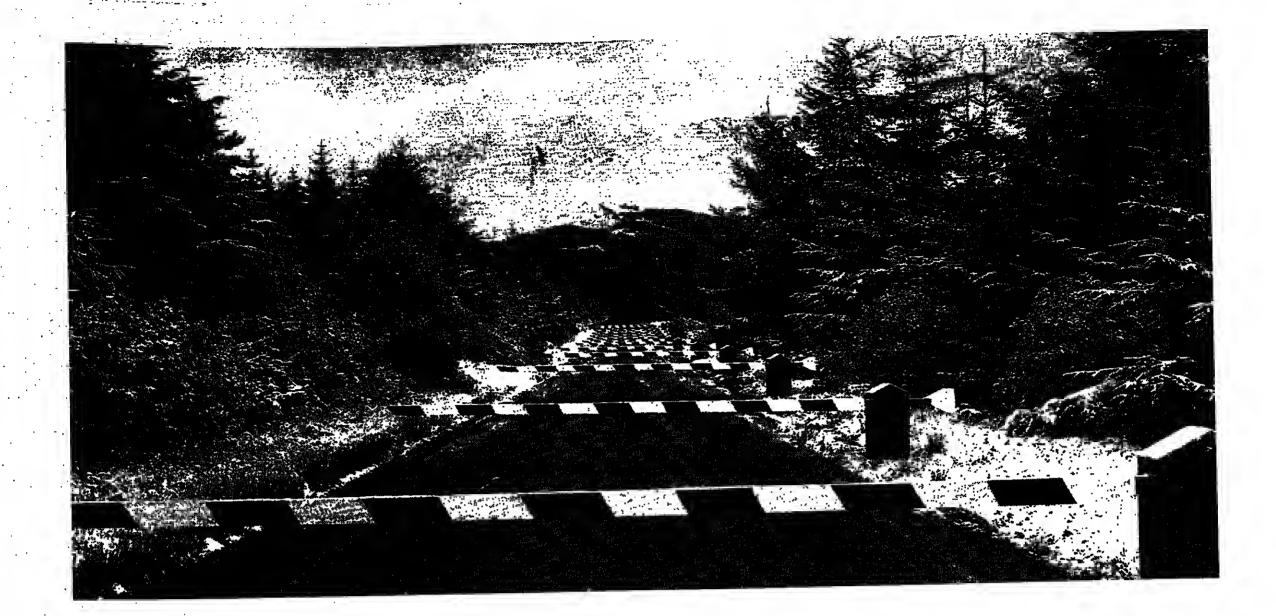


solution to the problem of security.

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continue to be. During the past quarter century there have been many changes, large and small, in tha ways we speak and think. Nowadays we are no longer allowed to talk about "chairmen" but have to talk about "chairpersons". If I were to write my article now, I might abolish the whole coocept of "chair" and use

the term "process leader". What follows is the essence of my 25-year-old article. I've shortened it considerably, but the message is the same; it is possible to run more productive meetings if the person in the chair understands the group dynamics and knows clearly what skills a leader needs.

Many people are cynical about the time spent in meetings. Often they fail, though, because of hidden agendas, lack of candour and waste of talent. On the basis of thousands of meetings observed over the years, I have found that even mild rejection has a significantly negative effect on people; pointing out flaws in others' ideas occupies too much time; while approval has a positive effect and creates a climate for resolution of the problem.

Successful meetings take place in an atmosphere in which particlpants need not defend themselves or their ideas. When relieved from the burden of self protection everybody can wholeheartedly devote themselves to the meeting. To draw creative contributions from everyone in the group, a chairpersoo

TIPS FROM THE TOP

# Just as timely 25 years on

George Prince, retired co-founder of US consultancy Synectics, on running better meetings

must use his or her wits, plenty of tact, and some new rules of order. The process of running a meeting could go like this. Having briefly headlined the problem, preferably in the format of "How to...?" or "How can L...?", the chair should ask the member with most knowledge of and involvement in the problem to explain it in more detail. Meanwhile, participants listen and make notes about associations, ideas, and new perspectives.

The chair then encourages participants to be as wishful about the solving of the problem as they can. All wishes will be recorded on a flip chart for all to see. It has been found that the wilder the wish, the more likely it is to evoke a starting point for possible solutions.

When people offer their ideas, the chair has to protect them from all attacks. He/she needs to force members see positive value in each idea. "What do you like about A's suggestion?" the chair can ask. Only after making notes on several valuable aspects of it, can the concerns be brought up. By recognising every-



artificial, instant "excursion" from the problem

In order to find a

novel approach,

\* the chair can

create an

climate non-aggressive and "excursion" from the problem. people more willing to contribute.

In order to increase the probability of finding a novel approach, the chair can apply a technique that is

He/she instructs: "Please put the problem out of your mind. Now, can anyone think of a striking image in the world of weather?" Members considered outrageous by many, begin to offer examples, and the creating an artificial, instant chair records them all. They select

one and discuss its implications. The "excursion" time can last from 5 to 15 minutes depending on the members' skill in keeping off the

original problem.
Using the "excursion" material, the chair asks the members to connect it back to the original problem. These connections are usually unthought of and highly speculative. Exciting new ideas are then developed, all members adding to and building upon each other's sug-gestions until it reflects the con-

structive energies of the group.
In summary, the 10 leadership principles for the role of chairperson are:

1. Never compete with the group members. Give members' ideas precedence over your own. 2. Listen to every group member.

Paraphrase, do not judge.
3. Don't permit anyone to be put on the defensive. Assume value in

4. Use every member of the group. Control the dominating ones without alienating them.

5. Keep the energy levels high.
Your own interest and alertness are

6. Keep members informed about

where they are and what is expec-ted of them. Keep notes on flip charts for all to see. Keep your eye on the expert (the problem owner). Check with him/her wbether an idea is worth

pursuing further and when a proposed solution is satisfactory. 8. Rotate turns in the managing of meetings. To learn to lead is to learn bow to participate, and when the chair rotates, everyone learns.

 Do not manipulate the group.
 Work hard at the technique of chairing a meeting.

Tips from the Top will be on holiday

for ten minutes", and then observe

a procedure which emphasises "the

whatsoever between my supporting

fact that there is no connection

#### Carol Cooper on deafness as a work-related disease

# Keep it quiet and healthy at work



Those who think deafness is mainly a question of old age may be in for a surprise. Noise at work is the leading cause of hearing loss in the industrialised

PRALTH CHECK World, with 1.7m people in Britain estimated by the Health & Safety Executive to be suffering from work-related deaf-

Hearing loss has long been known to follow loud blasts on the battlefield, and industrial deafness goes back more than two centuries. So-called boilermaker's deafness was commonplace in the 1890s – with today's wider range of noisy machinery, hearing loss affects many more workers. Noise-induced problems may

not be new, but there is now greater interest in occupational health as well as growing disquiet over leisure noise.

Loud noise affects the inner ear; it damages the hair cells of the cochlea, which translates the vibration of sound waves into electrical impulses. The first symptom of damage is often timi-tus (ringing in the ears). Its sever-ity is a guide to the risk of incipi-ent deafness.

. When bearing loss sets in, it may be reversible at first - as after a rock concert - but later it becomes permanent. An early complaint is muffled hearing, or difficulty on the telephone or in the pub. High-pltched sounds can be especially hard to distinguish. The risk of deafness is related

to noise levels which are mea-sured in decibels (dB), usually on the A scale which compensates for the fact that human hearing is more acute for high-pitched sounds. The decibel scale is logarithmic, so the difference between 90dB and 100dB is a tenfold increase in sound energy,

Levels of 80dB are roughly those you would find in a bu street and pose no significant risk: to hearing. But around 2.4m UK workers, according to the HSE, are exposed to levels above this. Occupational deafness is a prescribed industrial disease, and an employee may successfully claim

compensation from his employer if hearing loss is work related. Under the 1989 Noise at Work Regulations, employers have a general duty to reduce noise to the lowest levels practicable, and a specific duty to take action where levels are to take action

where levels are too high. Where the daily exposure of an employee is likely to be 85dB, information about the dangers must be given, along with instruc-tion on minimising risks.

Ear protectors (muffs or plugs) should be provided to all employees on request, and - very importantly - maintained in working condition. At 90dB, employers must ensure that ear protectors are worn, and that ear protection zones are marked if at all possible. Everyone entering the zone however briefly, should protect

their ears.

Ear protectors don't entirely cut out noise and are not always worn. Some workers claim they hinder communication with col-leagues or prevent them from hearing warning strens (this seems unlikely). Dirty protectors can cause ear infections, but even when clean they are often consid-ered uncomfortable, inconvenient, or wimpish. Nonetheless at 90dB the employer is responsible.

Only accurate technical measurements can determine how noisy an environment is, but as a rough guide, if people must shout to be heard two metres away, or their ears ring after work, noise is excessive. Factories are not the only places affected - many

offices and farms are noisy too. Since the risks of noise are cumulative, boars of work and length of service are relevant, as are leisure pursuits. The effects of loud noise go well

beyond the ear. Aggression, poor concentration, learning difficulties, and feelings of hopelessness have all been described

The author is a London general

For information contact HSE Information Centre, Broad Lane, Sheffeld S3 7HQ. Tel: 0742 892345; fax 0742 892333, or the Association of Noise Consultants at 6 Trap Road, Guilden Morden, Royston, Herts SG8 OJE. Tel: 0763 852958.

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slim 64-page volume, written 85 years ago by a frustrated unlikely text for modern managers. That, though, is just how a tiny publishing house Mainsail Press has been promoting its new hardback edition of Francis

Macdonald Cornford's Microcosmograpbla Academica, newly subtitled Camhridge's classic guide to success in the world.\* In a forward penned in 1949 the classicist W.K.C. Gnthrie said that

be bad "tried the book on the bead of an engineering firm, and be assured me that the business world was in urgeot oeed of its counsel". The eoterprising Mainsail has

gooe even further, soliciting from

just before the second world war

BT's head of strategy development the generous plug on its back cover that "every young MBA in a burry" sbould read it.

This is perhaps going a bit far. But it is not an exaggeration to say that many of Cornford's pithy, if somewhat cynical, observations have stood the test of time.

The words of Cambridge's first professor of ancient philosophy inspired by his experience of the tortuous ways in which academic bodies reach (or avoid reaching) decisions - were originally directed at ambitions young academics. Today one could imagine him addressing business graduates about to embark oo a career in a large organisation.
Distillusioned by those wbo

sought to avert change, Cornford's ideas were intended as a warning for those who fail to understand buman nature and, as be saw it, man's inbuilt inertia. "There is only one argument for doing something: the rest are arguments for doing nothing", he wrote.

Among the principles of practical politics he explores are those of the wedge (that "yoo should oot act justly now for fear of raising expectations which you are afraid you will not have the courage to satisfy"); the dangerous precedent (from which "it follows that nothing should ever be done for the first time"); and unripe time ("Time, by the way, is like the medlar; it has a trick of going rotten before it is ripe").

Cornford also recommends for delaying action "another sport which wastes unlimited time", namely commo-hunting: "Once start a comma and the whole pack will be off, full cry, especially if they have bad a literary training".

More constructively perhaps - hnt just as Machiavellian - is the passage on squaring, which might be interpreted today as I'll scratch your back, if you'll scratch mine, while oot formally admitting that this is the case. Cornford says that the practice

of squaring can be carried out over lanch, but that the "proper course" in his day was to meet "accidentally" between 2pm and 4pm oo King's Parade, Cambridge, "talk about indifferent matters

your job and your supporting mine. This absence of connection is the essential feature of squaring". The most famous passage in the

book is probably the definition of propaganda in Cornford's preface to the 1922 edition. It is "that branch of lying which consists in very nearly deceiving your friends without quite deceiving your enemies".

#### Tim Dickson

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TRINIDAD AND TORAGO OIL COMPANY LIMITED INVITATION TO SUPPLY TANKAGE, PIPING AND ELECTRICAL MATERIALS FOR OFFSITE FACILITIES AT TRINTOC'S POINTE-A-PIERRE REFINERY

LOAN NO. LO 617/OC-TT

The Trinkled and Tobago Oil Company Limited (Trintoc) invites suitably qualified and experienced suppliers to submit bids for the supply of Tankage and Piping Materials and Electrical Equipment/Materials

Electrical Equipment/Materials.

The Pointe a-Pierm Refinery Upgrading Project is being funded by the Government of Trindad and Tobago, the inter-American Development Bank (IDB), the European Investment Bank (EBB), the Export-Import Bank of Japan (IEXIMB) and the Commonwealth Development Corporation (CDC). Funding for these works is provided by the CDC. Thetoe is the executing agent for the project.

The Nationality of the bidder, transporter, insurer and the origin of the goods shall be that of a member country of the IDR in accordance with the rules of the Bank.

Trintoe's ITB shall contain full details of the scope of supply, a summary is given below.

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ne repair/construction of storage tanks and pipe works:

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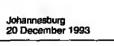
Joint announcement to shareholders

On 1 October 1993 St Helena and Oryx Gold Holdings (OGH) announced that substantial additional funds, of perhaps up to R900 million, could be required to complete the Oryx mine efter full draw down of the R979 million interest-free shareholder loans, in or around March 1994.

in the 1993 annual report of OGH, the Chairman stated that a review would be carried out of the geological, technical and other parameters upon which the future mining plan is based and that this review would be audited by independent outside The review of the project has now been completed and the

independent audits have been concluded. In essence, the geological audit expects that the gold values and the gold content will improve standily towards the north-east of the current working erea to attain the levels torecast in the pre-listing statement. The mining audit made several important recommendations to strengthen the proposed mining plan and concluded that the funding shortfall (inclusive of over R400 million principal and interest payments on bank loans) is tikely in light of the above, consultations with the major shareholders

and with the bankers to the project will commence shortly. A further announcement will be made thereafter.





#### SGA SOCIETE GENERALE ACCEPTANCE N.V. FRF 300,000,000

FLOATING RATE DIFFERENTIAL NOTES DUE DECEMBER, 1995 Notice is hareby given to the Noteholders that, pursuant to the Terms and Conditions of the Notes, the rate of interest applicable to the period from September 20, 1993 (included) to Decamber 20, 1993 (excluded) is 6.8371%. This rate of interest has been determined according to the formula provided for in Condition 4. "Interest" b) (i), ie "10.25% + (3 months USD LIBOR (Final Spot/4.9435)- 3 month PIBOR)".

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become the latest airline to revamp its business and rip out its firstclass seats. To be installed are "sleeperettes", seats that bear more resemblance to dentists' couches than the armchairs favoured by the biggest carriers such as British Airways. American Airlines and Japan

Air Lines. KLM is joining a growing band of carriers that have abandoned conventional cabin classes in favour of larger seats for anyone prepared to pay the

business-class prices.
Others include Continental of the US and Virgin Atlantic in the UK.

The reason behind the changes is that surveys show husiness travellers want more space, second only to safety and punctuality. Daniel Green finds out why seat pitch is all to the discerning business class traveller

Additional room is achieved by increasing the seat pitch the distance between the rows - which in turn allows the seats to recline further, giving a less crowded feel to the

Anyone who has tried the seats in super-husiness-class cahins knows they are a revela-tion. They feel like first class without the vintage champagne and caviar, and the ser-vice is similar to standard husiness class. But you can get a much hetter sleep on long-haul

flights.
Of the carriers that have taken this route, the standards setter is US carrier Continen-

Its Business First cabin has a

Room to stretch out?

American Airlines Japan Air Lines British Airways Air France Luithansa

seat pitch of 55 inches, compared with a typical business class pitch of 38-40 inches and first class pitch of 60 inches.

Business First is available on coast-to-coast US domestic routes as well as transatlantic and transpacific journeys. The quality of the product is reflected in the cheerful demeanour of the cabin crew.

المكنا من الاصل

pitches, in Upper Class, but its ageing cahins look more than a little frayed. The seats must be manually pushed into position, an awkward movement that pales beside Continental's automatic seat backs, footrests and lum-

Virgin also has 55-inch seat

bar support. Virgin's new aircraft, the Airbus A340, will be fitted with electrically adjustable seats and will be introduced gradually over the next two years.

Likely weather in the leading business centres

Tokyo 🖒 13 🛆 11 💍 7 🛱 8 💍 a

Hong Kong 🖒 15 💍 14 💍 14 💍 15 💍 15

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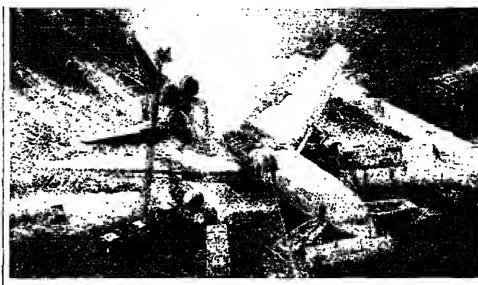
2010 (A) 13 (A) 1 (A) 8 (A) 8 (A) 8

to be as far as carriers are prepared to go with super-busi-ness cahins. KLM is likely to fit 48-inch pitch seatiog, in line with US carrier NorthWest, in which it has a 20 per cent stake.

Some airlines insist they will not alter their seating. British Airways argues that there is still a market for the super-luxury of first class among the rich and famous or industry hosses, whose expense accounts are checked only by

the tax inspector.
But for executives who see air travel as a business tool, the first choice should he

super-husiness class. The price should be the same as husiness class - a round trip from London to Tokyo costs £3,179 on JAL, Virgin, BA and ANA - but on most criteria, the product is better.



All 275 passengers were evacuated safely after this aircraft crashed in New York in July last year

**Don Munro** on how to survive an air crash

# Simple lessons in life-saving

crashes? It's the unthinkable idea. which - for a of many air travellers during take-offs and landings. Most of us shrug it off, counting on fate and the expertise of pilots. But while airline accidents

are rare, they do happen, You can increase your chances of surviving by following some simple, common-sense steps. These range from the type of clothing to wear on your trip, to picking the best seat for survival, to how hest to walk from

a smoke-filled plane. Begin before you leave for the airport. When dressing for the flight, choose clothing made from natural fahrics such as cotton and wool. Artificial fibres, such as those in panti-

hose, can melt with heat inten-

Women should not wear tight skirts; trousers make climbing out of windows and other exits easier. Loop earrings should be avoided, because they can catch on something during an es-

At the airport try to book a seat close to the aisle over the wings, where the exit windows are located. If that is not possible, choose an aisle seat near

the galleys, along the sides of the aircraft, at the passenger entry door and, in some aircraft, in the tail cone. When hoarding, count the rows hetween your seat and the nearest exit and the number hetween your seat and an alternative exit. If the lights go

out, you can feel your way out, In addition to the general airline safety instructions, some other tips may make you feel more secure.

A full bladder could burst

upon sudden impact. So your seat belt should he fastened low and tight on the hip bone, rather than across the stom-Do not cross your legs under-

neath the seat in front of you. If the aircraft falls to earth in an aborted take-off, the seat of the person in froot of you could collapse and break your

The best brace position for emergency landings is to get down as low as you can to protect yourself from fire flashes overhead. Bend over and put your arms under your thighs. Grah your wrists under your legs and look downwards, rather than towards the aisle or windows.

lo an emergeocy, knowing

supervisors, if you are next to the over-wing exit take charge of opening it. If the exit and the area outside are clear of flames, face the rear of the aircraft and put the adjacent seat arm rests up.

Put your hand nearest the window on its lowest handle. Reach across your chest with your other hand and pull down the handle at the top of the

Pull the window on to your shoulder, rotate it on to the seat row you have just cleared and slide it six inches towards the aisle to give yourself and other passengers more room to exit. If you are strong enough, pitch the window out of the exit to create even more

To exit properly from the galley section of the aircraft, you oeed to know the make of the aircraft. It is listed on the safety cards. On McDonnell Douglas-made planes, turn the handles on the galley-side exit right to left. With Boeing air-craft, it is left to right.

It is likely that if there is a crash, you will he battling against smoke on your way ont of the aircraft, instead of standing up or crawling down the aisle, beod at the waist and

#### Battle over economy cabins

A US survey of couriers' opinions on airlines' economy cabins this week rated British Airways as the best on international routes and Alaska Airlines the best within

the US, writes Danny Green. BA was followed by United Singapore, American and Lufthansa. Alitalia and Air Canada came in last, in 19th and 20th place respectively. BA rated especially highly

on food, beverages and personal attention. These were the key factors in its overall . victory, said Mr Byron Lutz, who edited the survey for the International Association of Air Travel Couriers. "BA is very good at handing out the free drinks," he said.

Other notable results of the survey of more than 1,600 couriers was that TWA scored highest on comfort but lowest on friendliness and food. Virgin Atlantic was the most uncomfortable but managed to catch up somewhat thanks to the personal attention it

Trouble spots Algeria: The number of



Algeria over the past three months now stands at 23, writes Francis Ghiles. The latest incident took place last Tuesday night when 12 Croats working on a water project

were knifed to death. Many foreign companies repatriated the families of their employees working in Algeria in the wake of the first killings last September. Since then a trickle has grown into a flood though it is difficult to estimated how many of the roughly 50,000 foreigners working in Algeria remain. The US, Russia and many European countries have also repatriated the families of staff at their embassies in

Algiers. French tours operators have cancelled all their bookings for winter holidays in the Algerian Sahara: Foreign affairs ministries throughout the west are following the British foreign office line. which is to discourage tourism

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and travelling to Algeria except for essential business reasons.

Russia: Cancellations, long delays and overloading of passengers on internal flights are frequent, particularly in

the Transcaucasus. It is not known whether maintenance procedures are always properly observed. For safety travellers are advised where possible to fly directly to their destination on an international flight originating outside Russia.

There have been widespread outhreaks of diphtheria affecting adults and children. Visitors are advised to seek medical advice concerning this and other recommended inoculations. Do not drink tap

Incidents of mugging, theft and pickpocketing in all cities, especially St. Petershurg and Moscow, are increasing.

#### Venice

Should your business be fortunate enough to take you to Venice, and should you arrive hy air, you will be faced with the question of how to make the watery transit to the city itself, writes David

Lascelles. For the well-heeled, the answer is simple; jump in a water taxi and enjoy one of the most romantic city arrivals possible. But be prepared to

NEW ISSUE

be charged over 120,000 lire (£50) for the pleasure, though you may be able to cut this

Materium temperatures in Ceistus

hy bargaining.
For those on tighter hudgets, there is a water hus costing only 15,000 lire (£6). But departures are spasmodic, and the trip goes via the Lido, taking more than an hour. The real bargain is the Venetian municipal hus service which runs half hourly

(hourly at week-ends) and costs a mere 1000 lire (40p). Admittedly, It deposits you at the Piazzale Roma, leaving you to take the vaporetto on

UK passports

to your hotel. But this only

costs 2,500 lire (£1) and can

# and Spain

The Spanish government plans to terminate its agreement with the UK which allows entry to Spanish territory on production of a British visitor's passport. The measure brings Spain into line with other European destinations which have never recognised the British visitor's passport.

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Financial Results for the 12 months ended 30 September 1993

	1993 SEKm	1992 SEKm	
Sales	1099	809	
Operating Result after depreciation	178.7	120.6	

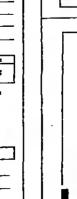
- Global offering of shares successfully completed. The Arjo Group now has a solid base for future growth.
- Sales up 30% to SEK 1,099 million.
- Operating result up 48% to SEK 178.7 million.
- Complete line of hygiene systems launched. Acquisition of remaining 50% holding in SIC AG, Swiss distributor.
- New sales company established in Spain.

Commenting on the results, Mr. Hans Lindström, Chief Executive, said: "We are very pleased with the Ano Group's achievements during our latest financial year.

Not only did we manage to increase sales and operating result by a record 30% and 48% respectively, but we also completed the flotation without any disturbance to operations. We are now well positioned for the future with a solid financial base, new and attractive products both within hygiene and patient handling, strengthened local organications and a highly motivated team of employees The current financial year has started well with a strong order intake and I expect 1993/94

to be another successful year for the Arjo Group." Copies of the announcement are available from

Arjo AB, Box 61, Verkstadsvagen 5, S-241 21 Eslöv, Sweden and from S.G. Warburg Securities, 1 Finsbury Avenue, London EC2M 2PA.



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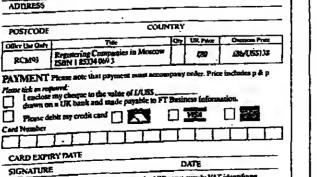
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The Coupon Amount payable on the Relevant Interest Payment Date, June 20, 1994 will be USS 916.32 per Receipt relating to a Deposit of US\$ 50,000 and The Agent Bank USS 4,581,60 per Receipt relating to a Deposit

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# People

# Ace player's simple sums

Alan Greenberg tells Richard Waters about his serious money and what he does with it

lan Greenberg - "Ace" to his friends - looks exasperated.
"I'm just so sick of hearing about this money thing. I'm so sick of having us compared with other

people."
The "money thing" Greenberg is so sick of bearing about is his own, size-able, income. Last year it was \$15.8m. This year it is \$15.9m. What'e the lowest it bas been in the past teo years or so? "I don't know, maybe \$4m or \$5m. I don't remember." Even by the stan-dards of the well-paid ranks of senior US executives, this counts as serious

But then, as Greenberg says, be is different. He trades shares. Not only that he sits at the focal point of one of New York's busiest trading floors. And this bas been a blockbuster year, even by Wall Street standerds. So why should anyone begrudge bim his

Before tackling that thorny subject, it's important to realise that Greenberg isn't just any share-trader. He's been doing it for decades ("forty four years and nine months," he points out belpfully) and is said to be very good at it. Although chairman of Bear Stearns, a securities house that employs 6,500 people, be spends most of his time at his desk on the equity trading floor, directing the bubbub.

Greenberg's image as a gruff, wisecracking trader has hardened around him like a crust. When delivering interviews from his perch on the equity trading floor at the Bear Stearns offices on Park Avenue, be slips easily into the mould that he has created for himself in a succession of interviews over the

He spits out homilies and dispenses

photographed with a fat cigar in his hand. It is disconcerting when quota-tions from previous interviews, ones that obviously pleased him, reappear on

Journalists, you can tell, like this ver-sion of Greenberg. His history has been told and re-told through the years in a rag bag of anecdotes. The memo be once wrote telling staff to re-use paper clips, rather than buy new ones. How, are prices crashed in 1987, he practised his golf swing on the trading floor and said he might take the next day off to play a round. His fondness for playing bridge and impressing interviewers with card tricks (he is a member of the Society of American Magi-

Greenberg plays along gamely. Keen to demonstrate his contempt for high-flown management theorising, he rummages through a pile of paper on his desk to find "some of the nonsense people say". He quotes from various papers: "'Re-engineering business'., 'economic value add-ed'., that's some of the nonsense I have to listen to." He has done this in other interviews as well, and it obviously works.

Although much of this is for show. Greenberg really does appear to have a straightforward approach to running a trading firm. Every Monday, Bears Stearns' traders attend a meeting where their trading positions are discussed. A team of spies patrois the floors constantly, trying to make sure no one is covering up a big loss.

Aren't more sophisticated methods available for managing trading risks these days? No, says Greenberg. "People can read things, write things that

aren't exactly true." no-nonsense views on life and the mar-kets as if by rote. He favours being the explains: "Traders are reluctant to put down accurate prices. That'e a con-



Born: Wichita, Kansas 1927 .... Educated: Football scholarship at University of Oldahoma. After a football injury, transferred to University of Missouri and graduated wifit BA in business

1949: Joined Bear Steams in the equities department.

1958: Made a partner 1977: Winner of National Bridge Championship 1978: Became chief executive ....

1985: Appointed chairman and chief executive when Bear Steams went public 1993: Gave up chief executive's position. Communes to work in equities department

stant problem we and everyone else has. They don't want to show a loss, and that's a bad mistake. If they do it, they're out - O-U-T." (That also echoes from a previous interview.)

Not letting small trading losses turn into big ones is one of the very few trading philosophies that Greenberg admits to. All loss-making positions are closed, he says. "We don't carry big losses. We just sell 'em."

Ask Greenberg what is the biggest ioss he has ever been responsible for, and an interesting thing happens. The gruff front falters for a minute and he chuckles boyishly. He looks younger than his 66 years anyway, but this makes him look younger still. Many years before, when Bear Stearns' capital was only \$30m or so, he managed "a loss of \$1m, which at that time was

o what about the "money thing" that gets Greenberg so riled? He isn't the highest-paid Wall Street trader; that bouquet goes to George Soros, Michael Steinhardt and the rest of the band of so-called "hedge fund" managers. But among the heads of Wall Street firms, his earnings were exceeded last year only by Stephen Friedman and Robert Rubin, then cobeads of Goldman Sachs.

The attention this attracts clearly annoys him. Of nameless critics, he says: "They don't know bow much money I make for this firm, so how can

they say it's big or little? How can anyone say what I should rate without knowing what I do?"

Also, Greenberg's basic salary is \$200,000 - the rest comes from bonuses when the firm is making a profit. "I don't know of one other corporation where the top people want to run the risks with their income that we do. When many companies lose money, the bosses get a raise."

Well, yes. But judging by Bear Stearns' performance in recent years, the danger of not making a profit is not

that great.
And now the really important questions: how does he spend all that money? The pleasing boyish chuckle comes back. Greenberg claims not to have any expensive habits. He recomposes his face, prepares to tell about the philanthropy that is widely commented on, "My wife and I give a lot of money away every year. How much is a per-

And then there is betting. Small amounts on football (he is a fan of the New York Giants), much more on cards. 'I like to gamble big at bridge. I like to gamble. Every businessman is a

He slides off into another homily, this time about the importance of risk-taking in business. But you can tell that only half his mind is on it. He's impatient to get this interview over and get back to the serious business of making

THE WEEK AHEAD

good man – but will Ask any cross-section of analysts to nominate the toughest big company chief executive job in Australia, writes Bruce Jacques, and Mattiussi's chances are that Goodman

Personae

Fielder, the country's largest food group, will outpoll all So, when long-serving learning Goodman executive Barry Weir was promoted to the managing director's post last week, it's scarcely surprising that executive of Lawson investors were underwhelmed

They've seen it too many times before. Goodman has chewed up three chief executives in the past half decade, culminating in last week's passing of the high profile former Elders executive, Michael Nugent, Weir now has the task of improving the sluggish performance of the unwieldy Goodman conglomerate whose

Another

he last?

structure remains a legacy of 1980s boom time extravagance. But he should be well equipped for the task. For a start, he's a survivor. In his 17 years with Goodman, 58-year-old Weir has seen all manner of management crises and worked in most parts of

the business. He won the chief executive's post by successfully expanding Goodman's European operations, based around its essanen business, which have grown under his stewardship to account for 25

per cent of the total business. As a tested, long-term reputation as a team player who is likely to improve redeveloping old-fashioned camaraderie among his top executive team.

But Weir will get no boneymoon from the markets. Goodman's record of high management turnover plus his age already have analysts calling him an Interim chief, just keeping the seat warm while the head-hunters find a more high-powered

Against that, the Goodman board is likely to be keen on stability at the top after its recent experience.



# long distance

The past 18 months have been unsettling ones for Andrea Mattiussi (above), chief Mardon, the international packaging group, writes Bernard Simon.

From the start, he had to adjust to constant travel between Lawson's head office in Toronto, his home in London, and the base of Lawson's major shareholder in Milan. Mattiussi sometimes describes his office as his briefcase and cellular phone. But the upheavals keep Alusuisse-Lonza, the Swiss

industrial group, has spent the past month poring over Lawson's books to decide wbether to go ahead with a C\$555m takeover bid. This week, Mattiussi's former boss, Italian financier Sergio Cragnotti, agreed to pay C\$2.7m to settle allegations of manipulating Lawson's share price and insider trading. firm controls Lawson, was also banned for life from being a director or officer of any

Ontario-based company. Mattiussi is given high marks for cutting costs and giving a sharper focus to Lawson's business, most of which is in Europe.

His shrewdest move. however, may have been to put some distance between himself and Cragnotti. He is said to have vigorously defended the interests of Lawson's outside shareholders, even at the expense of some friction with his former employer. That may explain why Mattiussi heard about Cragnotti's deal with Alusuisse only a couple of hours before it was announced.

If Alusuisse goes ahead with its bid, it will need to decide

whether it wants Mattiussi to stay on as ceo. Last week the Ontario securities commission said there was no evidence that Mattiussi or any other Lawson director was involved or aware of Craenotti's activites.

#### Younger faces in China

China is giving the Bank of

China, the country's foreign currency arm, a facelift with the appointment of a new chairman of the board and governor, writes Tony Walker. State Council, China's cabinet, recently approved the appointments which are expected to be announced formally today. Wang Qiren, 52, will become

chairman, and 41-year-old Wang Xuebing will assume the role of governor or president. The appointment of the two Wangs is part of a trend throughout China's bureaucracy to promote younger officials to senior

They will replace another Wang (Wang Deyan), 63, who has served as both chairman and governor for the past eight

The new Wangs at the Bank of China are seen as protégés of Zhu Rongji, China's economic tsar and governor of the People's Bank, China's central bank, Zhu bas also been making youthful appointments to the People's Bank board.

Wang Qiren is currently vice-chairman of China's Hong Kong and Macao Affairs Office. a politically sensitive post concerned with the colony's transition to Chinese rule in 1997. Before his move to that job he worked in China's state-controlled banking sector for 20 years.

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17 謹

Wang Xuebing is currently vice-chairman of the **Everbright Industrial** Corporation, one of China's state-owned conglomerates. He is a former head of the Bank of Chins's New York branch.

The new appointments coincide with sweeping reforms of the banking sector. Among changes are attempts to transform the Bank of China and the country's three large commercial banks into commercial entities in the Western sense. They bave tended to act to this point as cash dispensers to faltering state industries.

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FINANCIALTIMES 

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# Looking for laurels

y October this year. had applied to be con-sidered as City of Architecture and Design for-1999, under the Arts Council's.
Arts 2000 initiative. Each year cities are invited to make bids to the council to host a yearlong celebration of a particular art form. The shortlist for 1999 has now been announced: it is Edinburgh, Glasgow and Liverpool. Other bids came from Cambridge, Greenwich and London Docklands.

The awards are more than just hype in 1992, Birmingham was a successful City of Music Next year, the Rast Midlands will be Region of Dance, which does not have quite such a ring about it. In 1995, Swanses will be City of Literature and, believe it or not, there is to be a year of Photography and the Electronic Image in 1996 and a year of "rice-planting and the florescent image" to celebrate the millennium.

We will not know which city has won the architectural nomination until a series of daylong visits and a fair amount of junketing has taken place to win the hearts and minds of

the selection panel.

The judges have been chosen largely from the Jurussic Purk of architecture: Lord St John of Fawsley; Professor Cotin St John Wilson; Sir Terence Conran; the president of the Royal Institute of British Architects, and one or two others. There is the wise addition of two people too husy to be on the full-time panel but who will visit the cities and belp make the final choice. They are Simon Jen-kins, former editor of The Times, and Bernard Rocher, deputy mayor of Paris.

A lot of arts money is spent on these thematic years and the winning city will receive £400,000. The Arts Council describes 1999 thus: "The focus of the year will be excellence in the promotion of public appreciation of architecture and design, including landscape and civil engineering design. Proposals may include initiatives which aim to promote good design for the pub-

at Covent Garden is a

delight. It is an exem-

plar of how the old ballefs.

which are our ancestral jewels,

can be shown off, lovingly and

carefully reset, and made to

producer of the classics has lis-

tened to the score. I am

increasingly of the view that

some choreographers are deaf,

that others are musically illit-

erate, and that yet others stick

their fingers in their ears as

they enter the rehearsal room.

The secret is that, for once, a

enhance our dancers.



Liverpool's artistic and architectural heritage is second to none and is not sufficiently known. It has great architecture of all periods from Georgian to the 20th century

In theory this is a good idea to encourage public awareness of architecture, although the worrying thing is that it seems to be tied up with the Arts Council's obsession with "architecture centres": it cannot be a coincidence that the three abortlisted cities have promised to build such centres.

These cities should be warned by the flasco that surrounds the proposal to build a literature centre in Swansea to an amazing design by Alsopp and Lyall, leading architects of the avant-garde. The proposal sadly appears to have bitten the dust. Put not your trust in arts councils,

Architecture centres have only a limited use because the real resource is the city itself. Books, tours, films and videos are available, but best of all are a good pair of shoes and a guide so that you can walk and look. I do not recall Alec Clifton Taylor or Sir John Betje-man or Sir Osbert Lancaster ever mentioning the phrase architecture centre - and they opened more eyes to architec-ture than any arts bureaucracy can ever hope to do.

Ballet/Clement Crisp

posers were there more rigor-

ous winnowing of musical

Wright has listened to his

score, has understood its magic

and its melancholy, and has

seen how the overt narrative

and the mysterious subtext,

which is Tchaikovsky's vision

of childhood, can be made real

for us. Everything works in the staging, and everything per-

suades us that it is right. Julia

Trevelvan Oman's snowy

Nuremburg frames an enchant-

ing Biedermeier interior, which

the Royal Ballet's artists fill

with warm, generous charac-

terisations, Derek Rencher and

Sandra Conley preside over the

Christmas party, and they and

their guests are winningly

shown. The mouse battle, the

Christmas tree'a transforma-

tion, the haunting figure of

Something to remember

ir Peter Wright's ver. should be saved many a chain- Royal Ballet's Junior School, sticky divertissements. But

Glasgow has certainly discovered the value of promotional skilla and is already adopting a hard-sell approach. Its bid is based on the theme "The City as a Living Art-work", which sounds ominous. One of its ideas that will appeal to restaurateur Terence Conran is a design cafe where designers from Tokyo, Barce-lona and Milan will be linked via computer and video for discussions over the polenta. I wonder whether designers eat more daintily than other mortals. We shall see. Designer

In its eternal wisdom the Arts Council has decided, according to its spokeswoman, to promote civil war in Scotland hy pitting Glasgow'e amazing talent against the daz-zling genius of Edinburgh. Edinburgh plans to base its 1999 International Arts Festival on the theme of architecture and design and to rely on the excellence of its present urban development pro-

haggis is rather a frightening

bines fun and sudden darker

The glories of the first act's

music - the sublime sweep of

Tchaikovsky's imagination

that takes us from the end of

the party to the close of the

snow scene - were excitingly

clear under Barry Word-

sworth's baton on Friday

night and not one note was

hetrayed by the staging. I

salute the young Naomi Reyn-

olds as Clara, a delightful child

and enchantingly spacious in her dance with the trans-

formed Nutcracker. And it was

very good to see Philip Mosley

again as this hero - youthfully

dashing as any little girl could

wish. I salute, indeed, everyone

in the first act: they (and Peter

Wright) show us why the score

is a masterpiece, and why in

Balanchine's words, "Hoff-

mann's Nutcracker is a serious

In the second act there must

thing wrapped in a fairy tale".

always be problems with those

tones that are echt Hoffmann.

because ita should, hy any standards, be the winning city.
First of all, Liverpool's artistic
and architectural heritage is second to none and is not sufficlently known. It has great architecture of all periods, from Georgian to the 20th century. It is also a city that needs as much outside help and support as it can muster, because of its relatively sudden decline and because It is recovering from a bad attack of political madness.

It has some of the best buildings in the UK from its days as the third-largest city, and it has arguably the greatest sea-port in the country. When I recently took an American visitor there, he thought he had arrived in Athens when he walked out of Lime Street Station. Sterling work has been done to preserve the city's best architecture and to build some good new buildings.

Liverpool is by far the most deserving candidete to be City of Architecture and Design and trendy Glasgow and staid Edinburgh should look to their this-Liverpool is wisely being a tles because the competition little more circumspect will be tough indeed.

lier and Irek Mukhamedov to

bring off the great duet with

rare authority. Collier listens

to the music: she knows that

its sorrows cannot he

expressed, but that to dance it

the ballerina must have dig-

nity. Her performance was wholly apt: subtle in musician-

ship, pure in statement, with nothing forced and nothing too

beguiling. I have not seen her

dance it hetter, nor with

greater sympathy for its cho-

reographic and emotional tone.

I felt happy for the many

children in the house; they will

have something very special to

remember. They will also have

Mukhamedov'a noble presence

to recall. The cavalier's part is

nothing. Mukhamedov gave it

grace of means, true charm,

The Nutcracker continues in

repertory at Covent Garden

and very polished dancing.

elegiac rather than festive.

spectacle that com- once we had got through them

Opera/Max Loppert

# An end to the Gloriana myth

his wonderful new Gloriano, which crowns a year of exceptionally successful activity at Opera North, surpasses all expectations. These were pretty high-pitched for this is, after all, the first entirely new Brit-ish production of Britten's 1953 Coronation opera for 27 years and, indeed, only the third British production in the work's history). And it arrives soon after the issue, widely and justly praised, of the

work's first-ever recording. The recorded Gloriana (on Argo) stimulated an excited reappraisal of the work's qualities. This new staging, a dem-onstration of British musictheatre at its most imaginative, will surely take the whole valuable process a great deal

It can hardly be a coincidence that Opera North shares with Argo both the occupant of Britten's title role - Josephine Barstow, of whose sovereign vocal and theatrical gifts the occasion affords yet another priceless example - and an approach to the work that can only be described as missionary. The myth of Gloriana, the fruit of a misbegotten Coronation commission, savourless and even sterile in spite of its expertly deployed Grand Operatic machinery, has taken a long time dying. After Saturday evening its end must be nearer than ever.

The glitter, sweep and zest of the performance, its speed of unfolding and command of memorable gesture, its decisive, intimate meshing of "period" and "modern" theatrical device, simply bowl one over. These are qualities as lightness of touch showering much musical as dramatic: for in look and sound, in the style and deportment of the large

cast (dancers no less than solo and chorus singers), the show hears the hallmarks of closely unified thought among all its collaborators. A thread of unassailable theatrical logic binds the production. It is immediately evi-

denced in the springy fresh-ness of the orchestral playing under Paul Daniel, who reveals his admirably firm grasp of the scope and purpose of Britten's scoring. Over and over the ear is struck by the particular wey the large orchestra is used -"weightlessly", with a layering of timbre that at once places the opera's formal and scenic contrasts and suggests the up-to-date tensions informing the evocetion of historical situ-

ations and personages.

Mr Daniel keeps the pacing taut; and so does the staging by Phyllida Lloyd in the designs of Anthony Ward, a hrilliant piece of work. Leitmotifs of the Elizabethan theatre abound - a wooden-box arena (which put me in mind of the Hampton Court tennis court) containing every scene, huge shadows suddenly thrown by footlighting. Likewise, images taken from late 15th century iconography, bold costume textures and colours creating a

sense of extravagant court ritual that affords the production its peculiar piquancy of fla-

There is humour in it, e

unsuspected henefits in the Norwich Masque - although even the Lloyd-Ward hrand of theatrical zip cannot render entirely free of Gainsborough Films-style rhubarb the London street scene and the plentiful embarrassments of its gno-mic blind balladeer (a case for simply cutting the whole scene?). More important, an erotic energy is tapped from the relationship of Elizabeth and Essex that newly strengthens Britten's acute balance of private and public worlds - an uncomfortable and even painful balance, with its resonances alike in historical situation and in the composer's own emotional and psychological

Neither previous account of Gloriano that I have seen (at Sadler's Wells and at the Coliseum) possessed this unflinching directness. It emanates directly from the peiring of Barstow's Elizebeth, crafty. tough, violent and generous by turns, and Thomas Randle's agile, poetic Essex, long locks, lean frame and sultry good looks perfectly in place, weak-nesses and strengths impetuously commingled. Further playing in will surely encourage her to deliver all the sung words as clearly and eloquently as she does those of the final spoken passages

complexities.

fied in context). He will surely learn to find sweeter lyricism in the lute songs.

Aiready, both are unforgetta ble. Around them Opera North has assembled an attractive young cast, graced by Karl Morgan Daymond's handsome Mountjoy, Susan Chilcott's incisive Lady Rich, Yvonne Burnett's gentle Lady Essex, and the precise, distinctively uttered Spirit of the Masque of Paul Nilon. I love Kate Flatt's choreography, and the wit with which an all-male troupe carries it off.

No weaknesses? Well Eric Roberts lacks as yet the art of impressing subtle, grave authority on every syllable of Cecil's "Song of Government". And, as e general point, the re-disposition of a three-act opera into two parts (with a long pause at the three-quarter merk) allows the eudience insufficient breathing space between scenes, it also denies them the full impact of Elizabeth's prayer, which Barstow sings with magnificent concen-tration – this should provide the opera's first great curtainclose and here fails to do

Otherwise, highest praise all round. The production visits Covent Garden in February, and Nottingham, Manchester, Norwich and Hull after that. Head for the box office now.

Sponsored by Nottinghamshire County Council, with a grant

Theatre

#### Perfectly suitable for children

here is much talk presently about educa-tional theatre, Someone said to me at the weekend that the reason why Adrian Noble's new production of Macbeth at the Barhican is so slow is that it is unduly influenced by educational tech-niques: you have to play every line as if no member of the audience has ever heard It before. And I read in another newspaper that current pro-duction of Bertholt Brecht's Mother Courage at the Cottles-loe should never have been included in the Royal National Theatre's educational programme because it is unsuitable for children, although - to on Friday, we had Lesley Col- he fair - the same critic thought the play was also unsuitable for adults.

My own reservations are different and are prompted by watching The Fantastical Legend of Dr Faust at the Shaw Theatre in London last week. This is an adaptation by Michael Bogdanov, artistic director of the English Shakespeare Company, of the famous Faust story. It is described as "theatre for 8-14-year-olds". The production will four the lik in the new year before going to the

There is nothing particularly wrong with it. Indeed, the huge puppets in the show, designed by James Barton, are rather attractive. What I can't understand is why Faust needs to be rewritten for children. There is nothing in at least the Christopher Marlowe version of Faust that the young are incapable of following, and many elements in Marlowe that are a great

deal hetter than anything devised by Bogdanov: the verse, for example. For no explicable reason, the ESG has changed Marlowe's lines into rhyming couplets. As for the seven deadly sins, they were played just as well and quite as suitably for children, in Marlowe's Dr Foustus at the Greenwich Theatre last month. It is as though Bogdanov is teaching the children to believe in Father Christmas in order to learn that the best is still to come.

Sam Wanamaker, who died at the weekend at the age of 74, almost literally gave his life to Shakespeare. An American ector who came to England in the early 1950s, partly to get away from the McGarthy ethos, he dedicated himself to founding a new Globe Theatre based on the original, as close as possible to the initial site.

Not everyone was kind to

him; local authorities, official arts bodies and the English theatre establishment could have given him more encouragement. Yet Wanamaker pressed on. A wonderful German production of The Merry Wives of Windsor was performed on the foundations of his new Globe early this year. In a year or so the edifice should be complete. It should bear his name: for Wanamaker realised what many English do not - the pull of Shakespeare, and the old Globe Theatre, around the world.

> Malcolm Rutherford uncomfortable social situa-

#### Theatre/Andrew St George

#### The importance of a little style

scar Wilde (1854-1900) knew that in triviel matters, the most important thing is style, and that in serious matters, the most important thing is style. All the more surprising that The Importance of Being Earnest at the Royal Exchange, Manchester, should be so un-

The director, James Maxwell, has set the play in the early 1900s. The designs by Tom Rand use an uncomfortable alliance of Rene Mackintosh chairs and Art Deco in town to contrast with the Arts & Crafts interior in the country. This is right, in that the play is about the Country versus the City. But the sets seem extreme, and changing them means two intervals in a play that should career to a conclusion.

The play could run on its own, without the actors: those lines about careless children, handhags and railway stations are carefully set in social aspic for the discerning palate. Add a few cucumher sandwiches and a plate of muffins and the set would be complete.

The production has two drawbacks. First, the Royal Exchange, in the round, is disadvantaged with Wilde. His comedy depends on looking at rather than joining in. A round theatre makes you want to reach out for a slice of the tea cake, and it makes the actors restless to speak to every part of the theatre.

The second drawback is that the actors have yet to find their range. Wilde is all about

tions, and his brilliance in comedy was to apply a patina of politeness to rank improbahilities. The more serious the lines, the funnier they appear. Two women in love with the same man called Ernest who turns out to be Ernest and two separate men is a plot that needs to be treated with a certain gravitas.

Samuel West as Algernon Moncrieff gets it right in the first act, and Neil Dudgeon as Jack Worthing in the third. But there is little else of the play's spirit in between. Lady Bracknell (Avril Elgar) should he a Dreadnought in heavy seas, but here seems more like a cutter in light winds. She wears pink, and has what looks like skate wings high around her collar: this means she cannot be heard, so the lovely lines about courtship ("He is ostentatiously eligible; he has nothing but he looks everything") and marriage ("We live, I regret to say, in an

age of surfaces") are lost. The direction should make the actors less restless, the lighting (Robert Bryan) needs to give the scenes more visual depth, and the action should proceed with greater rigour. If flirting with your spouse is like washing your clean linen in public; flirting with Wilde is another hasket of laundry entirely: he will he sure to remind you, even if he has not yet said it, that only the mediocre are always at their best.

Sponsored by Ernst & Young. The Royal Exchange Theatre, Manchester (061 833 9833) nntil January 29

#### How else to explain the brutalisms that are inflicted upon the Tchaikovsky scores, and the sheer bloody-mindedness of the way music, modern and ancient, is maltreated? We cannot hope for creators as educated and perceptive as Balan-

chine, who studied at the Drosselmeyer (well taken by Petrograd Conservatoire, hut it Stephen Wicks), and the is a failing in companies when sprightly - but not too sprightly - cohorts of the choreographers are not given guidance with a score. We INTERNATIONAL

#### **BERLIN**

OPERA/DANCE Deutsche Oper Tonight, Peter Schaufuss' production of Nutcracker. Tomorrow: Tosca. Wed: Hansel and Gretel. Thurs: Rafael Fruhbeck de Burgos conducts Götz Friedrich's new production of Un ballo in maschera, with Mara Zampieri, Neil Shicoff and Vladimir Chemov (repeated Dec 27, Jan 4 and 7). Sat: Meistersinger with Wolfgang Brendel and Eva Johansson. Dec 30: Aida with Julia Varady. Dec 31: Tchaikovsky ballet gala (341 0249) Staatsoper unter den Linden Wed, next Tues: Daniel Barenboim conducts Harry Kupfer's new production of Die Walkure, with a cast led by Deborah Polaski, John Tominson and Poul Elming. Thurs, next Mon: Hansel and Gretel, Dec 25: Patrice Bart's production of Minkus' ballet Don Quixote. Dec 26: Madama Butterfly. Dec 29, 31: Barenboim conducts Beethoven's Ninth Symphony, Jan 1, 6, 7: Die Fledermaus, Jan 2: Nutcracker, Jan 5: La traviata with Eva Mei

#### (200 4762/2035 4494)

CONCERTS Schauspielhaus Tonight, tomorrow: Daniel Barenboim conducts Berlin Staatskapelle in works by Beethoven, Boulez and Rimsky-Korsakov. Wed: Hartmut Haenchen conducts CPE Bach Orchestra in Telemann, Locatelli and Haydn (2090 2156) Philharmonie Tonight, tomorrow: Vikolaus Hamoncourt conducts Berlin Philharmonic Orchestra in works by Mendelssohn and Schubert. Thurs: Bach's Christmas Oratorio, Dec 30, 31: Claudio Abbado conducts Wagner (2548 8132)

 Tickets and information for theatre, revues, concerts and nightclub shows available from City Center Theater und Konzertkasse, Kurfürstendamm 16 (tel 882 6563 fax 882 6567) and Theaterkas im Europa-Center (tel 261 7051 fax 261 9286)

#### **NEW YORK**

THEATRE Angels In America: Tony Kushner'e epic two-part drama -about religion, sex, Aids and corrupt politics - conjures a vision of America at the edge of disaster. Part one, Millenium Approaches, has now been joined by its sequel. Perestroika (Walter Kerr, 219 West 48th St, 239 6200) The Kentucky Cycle: Robert

Schenkkan'a 1992 Pulitzer Prize-winning drama follows 200 years in the life of a mining family in Appalachia, and is performed in two parts (Royale, 242 West 45th

Abe Lincoln in Illinois: Robert

<u>ما منطق</u>عت معالك عمامة معالكة ويكت والمعارض المارية

E. Sherwood'e 1939 drama about Lincoln'e life in the years running up to his presidency. Sam Waterston has the title role (Vivian Beaumont, Lincoln Center, 239

The Ash Fire: e comedy by Gavin Kostick about e Polish family who mistakenly land in Ireland as they try to stow away to America (American Jewish Theatre, 307 West 26th St, between Eighth and Ninth Avenues, 633 9797)

 Any Given Day: Frank Gilroy'e new play demonstrates that dysfunctional families existed in the Bronx as far back as 1941 (Longacre, 220 West 48th St, 239

 Later Life: A.R. Gurney's witty, perceptive play about a man and woman whn meet after e 30-year separation (Westside, 407 West 43rd St, 307 4100) Jeffrey: Paul Rudnick's comedy

about love in the age of Alds. Till Jan 16 (Minetta Lane Theatre, 18 Minetta Lane, 420 8000) The Sisters Bosensweig: Wench serstein's play about three American Jewish sisters who have a reunion in London (Ethel

Barrymore, 243 West 47th St, 239 6200) A Grand Night for Singing: a 50th anniversary musical celebration of the collaboration of Rodgers and Hammerstein, with songs from Oklahoma, Carousel, The King and i, The Sound of Music and others. Till Jan 1 (Roundabout, Criterion Center, 1530 Broadway at 45th St,

869 8400) Kiss of the Spider Woman: the Kander and Ebb musical with a star performance by Chita Rivera in the title role(Broadhurst, 235 West 44th

 She Loves Me: the 1963 Bock, Harnick and Masteroff musical is a delicate, unabashedly simple story

with all the humanity, integrity and charm that Broadway's mega-musicals lacks (Brooks Atkinson, 256 West 47th St, 307 My Fair Lady: a new production of the Lemer and Loewe musical

based on Shew'e Pygmalion, directed by Howard Davies, with a cast including Richard Chamberlain and Melissa Errico (Virginia, 245 West 52nd St, 239 6200) OPERA/DANCE

Metropolitan Opera Highlights of the Christmas holiday period include Les Trovens with Françoise Pollet and Gary Lakes, Il barbiere di Siviglia with Thomas Hampson and Ruth Ann Swenson, and I Lombardi with Luciano Pavarotti. No performance on Christmas Day (362

State Theater New York City Ballet's Christmas production is the Balanchine version of Nutcracker, daily till Jan 2 except Dec 24, 25, 27 and Jan 1. Repertory performances resume Jan 4. The season runs till Feb 27 (870 5570) Joyce Theater American Indian Dance Theatre is in residence tifl Jan 2 (242 0800)

CONCERTS Avery Fisher Hall The next New York Philharmonic concerts are on Dec 29, 30 and 31, when Leonard Station conducts works by Respighi Dohnanyi and Stravinsky (875 5030) Carnegle Hall New York String Orchestra, led by its new conductor Jaime Laredo, performs its annual holiday concerts on Christmas Eve

#### at midnight and Dec 29 et 8pm (247 JAZZ/CABARET Algonquin Hotel Weslia Whitfield,

one of the most assured iazz-cabaret volces to arrive in New York in recent years, ie in residence in the Oak Room till Jan 1, daily except Sun and Mon (59 West 44th St. 840 6800) Cartyle Hotel Singer and ehowman

Bobby Shnrt is in Café Carlyle for the Christmas season with songs by Gershwin, Berlin, Ellington and others, all delivered with sophistication, humour and pathos (Madison Ave at 76th St. 744 1600) Rainbow & Stars Leonard Berns Revue. Till Jan 1 (65th floor, GE building, 30 Rockefeller Plaza, 632 5000)

#### PARIS OPERA/DANCE

Opéra Bastille Mirella Freni sings the title role in a new production of Adriana Lecouvreur opening tonight, staged by Jean-Luc Boutte and conducted by Maurizio Benini. The cast also includes Giacomo Aragail and Alexandrina Milcheva (repeated Dec 22, 27, 30, Jan 3, 6, 10, 13 and 15). The only other production over the holiday period is Offenbach's Les briganda (4473 Palais Gamier Ballet de l'Opèra

de Paris presents John Neumeier's 1974 production of The Nutcracker daily till Dec 31, except Christmas Day (4742 5371) Châtelet Jan 7-23: Ballet Cristina Hoyos with a new flamenco work

(4028 2840) CONCERTS Saile Plevel Thurs: Marek Janowski

Rusalka, with Eve Jenis, Michèle Lagrange, Hanna Schaer and Peter Dvorsky. Jan 5, 6: Lynn Harrell plays Elgar's Celin Concerto, Jan 12, 13: Mstislav Rostropovich plays Schnittke's Second Cello Concerto (4561 0630)

conducts concert performance of

Théâtre des Champs-Elysées Jan 9, 10: Yehudi Menuhin conducts Sintonie Varsovie In two Beethoven programmes. Jan 12: Shlomo Mintz. Jan 16: Midori, Jan 31; Yevgeny Kissin (4952 5050) JAZZ/CABARET

American jazz einger/pianist La Velle is in residence at Linnel Hampton Jazz Club in harness with Gerard Badini's Swing Machine, daily till Sat except Christmas Eve. Dec 27-Jan 8: Allen Trussaint (Hotel Meridian Paris Etoile, 81 Boulevard Gouvion St Cyr, tel 4068 3042)

THEATRE The Rise and Fail of Arturo Ui. Brecht's Nazi allegory, is directed by Jérôme Savary at Théatre National de Challiot, with Guy Bedos in the title role. Daily except Mon till Feb 26 (4505 1450)

 Ibsen's The Wild Duck has joined the repertory of the Comèdie Française, directed by Alain Françon (4015 0015)

 Maxim Gorki's pre-revolutionary drama Children of the Sun (1905) opens at Odeon-Theâtre de l'Europe on Jan 6, directed by Lluis Pasqual (4441 3636)

 A 24-hour recorded telephone guide to Paris entertainments is available in English by dialling 4952 ARTS GUIDE

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# The 'new' frontier in economics

eoclassical theory is simply an inappropriate tool to analyse and prescribe policies that will induce devel opment, it is coocerned with the operation of markets not with bow markets develop. How can one prescribe policies when one doesn't understand how economies Jevelop?"

I quote from the provocative Nobel prize lecture delivered in Stockholm this month by Professor Douglass North of Washington University in St Louis. North's sceptical remarks deserve attention given the turmoil in Russia, and to a lesser extent, eastern Europe. Most of the advice these countries are getting from western institutions such as the International Monetary Fund is hased on the "neoclassical" theory (orthodox market economics) that North denigrates.

North, originally an economic historian, is a champion of the so-called "new institutional ecocomics". In his view, neoclassical theory begs all the important questions.

The crucial neoclassical

assumption is that individuals seek to maximise their income or satisfaction in a world where resources are scarce. They thus make "optimising" choices. For example, people work up to the point where the income from their last hour of abour just equals the value of the leisure foregone, With some important caveats, such assumptions lead to laisser faire prescriptions: governments should sit back and leave production to competitive markets and free enter-

The problem, according to North, is that this assumes a frictionless, static world in which "transactions costs" (the cost of specifying what is being exchanged and of enforcing agreements over time and space) are zero. Such a world never has and never will exist. In reality, the impersonal exchange between millions of participants required in a dynamic market economy imposes formidable transactions costs, People, for example, oeed to be certain that contracts will be honoured

years into the future. As a result, economic performance depends crucially oo



MICHAEL PROWSE

**AMERICA** exchange occurs - on complex institutional arrangements that neoclassical theory takes for granted. By institutions, he means "rules of the game". These include formal rules (such as legal property rights) and, importantly, informal "norms" of behaviour - for example a reluctance to shirk or cheat even when there is little risk of discovery. The institutions that happen to exist depend on inherited idealogies - the "mental models" that people use both to explain

it ought to be. Too often these are inimical to progress. Formal rules can be changed overnighl. Bul informal codes of conduct and ideologies change slowly. It is these that prevent rapid economic improvement in formerly communist countries and much of the third world. This, then, is the new "institutional frontier" with which economists must

the world and to prescribe how

North's arguments are impressive and irritating in almost equal measure. The notion that institutional ecooomics is new is faintly absurd if one considers classics such as Adam Smith's Wealth of Nations (1776). Smith certainly understood the importance of institutions and ideology; indeed be set oul to change the rules of the game. And politicians such as Pitt the Younger soon began to put his ideas into practice, creating the conditions for Britain's commercial efflorescence in the 19th century. "What an extraordinary man Pitt ls; he understands my ideas better than I do myself," Smith remarked at a London dinner party.

Nor could Karl Marx be charged with indifference to institutions and ideologies. The problems of the former comthe setting in which market munist countries seem intrac-

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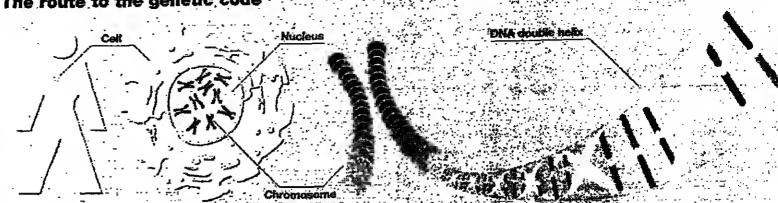
table precisely because Marxian concepts such as "exploitabecame so deeply entrenched. In our own century, several distinguished economists struggled valiantly to change people's mental models and hence hring about institutional reform. This was the raison d'etre of Austrian critics of socialism such as von Mises and Hayek.

North, bowever, has emerged from the Anglo-American neoclassical tradition of recenl decades. His criticism of his peers - be they at Harvard, Chicago or the London School of Economics - is justified. Many leading academics have a narrow intellectual outlook They bave become too absorbed with the mathemati-cal properties of ideal (and implausible) economic models. If North's Nobel prize brings them to their senses - and makes them focus oo the real world - It will have performed a singular service.

My other cavil about North is that he seems to have few concrete policy proposals. It is belpful to emphasise that the success of policies will often depend on prior changes in attitudes and institutions. But l doubt this comes as a surprise to the hard-pressed officials struggling with reforms in formerly communist countries. What they need are practical suggestions. North is quick to criticise neoclassical ideas. In a recent paper for the Cato Institute, a Washington think tank, be dismissed privatisation as a "simple-minded notion" and a "travesty of institutional reasoning". All right, so what does be recommend?

The answers are presumably to be found in North's first love: history. Against the odds. some countries have effected stunning transformations of their institutions and ideologies. The best examples are Japan's Meiji Restoration and the receot rise of the Asian "tigers". These countries successfully transplanted a version of western capitalism into quite unpromising soil. This is where the new institutional economists should dig if they bope to produce relevant policy prescriptions. In the meantime, the soundest guide is the proven wisdom of thinkers such as Adam Smith.

The route to the genetic code



telethons, added to a \$10m hequest, have financed an astonish tog tour-de-force for Freech science: the first "map" showing the entire genetic make-up of mankind. It will help researchers move more quickly to identify the genetic causes of thousands of diseases.

Last week's publication of the "physical map of the human genome" by the Centre d'Etude du Polymorphisme Humain (Ceph) in Paris is a landmark in medical research. And it rounds off a golden year for genetics - the most productive since 1953 when James Watson and Francis Crick discovered the double-helix structure of DNA, the chemical that

eocodes genetic information. During 1993, the world's researchers have found the precise genetic cause of scores of inherited diseases, including Huntington's chorea, a type of dementia, and several forms of cancer. Ceph says its map will enable gene hunters to move 10 times faster in future. There is now a real prospect of deciphering all 3hn chemical "letters" in the human genetic code - known collectively as the genome - by 2000. "Before today, a physical

map existed for only two per cent of the human genome; our map covers about 90 per cent," says Dr Daniel Cohen, the ebullient director of Ceph. He is a natural performer whether explaining genetics or playing the piano at the annual telethon, sponsored by the French muscular dystrophy association, which raises \$12m a year for gene mapping at Ceph and its daughter labo-

ratory, Généthon. American gene mappers, who receive \$165m a year from the US government's grandiose Human Genome Project, have been amazed by the rapid progress at Ceph and Genethon. But they were happy to swal-

# A spur for the gene hunters

Clive Cookson says the mapping of mankind's genetic make-up marks a medical landmark

low national pride and acclaim the French achievement. Dr Francis Collins, head of the US National Centre for Human Genome Research, calls the map "an enormous practical

boost to gene hunters". "This will allow scientists throughout the world to discover more quickly the genes that cause diseases such as muscular dystrophies, epi-lepsy, diabetes, asthma, cardiovascular [heart] disease and certain cancers," says Dr Glen Evans, director of the Salk Institute's Human Genome Centre in California.

Researchers looking for the cause of an inherited disease search first for "genetic markers" - stretches of DNA near the target gene that are present in patients but not in other people. Now, they should be able to find these markers like landmarks oo tbe new map and home in quickly on the gene responsible.

Researchers can produce a diagnostic test for a inherited disease as soon as they know the genetic cause. A treatment takes much looger to develop. Take for example cystic fibroais, the lung disorder, for which the gene was identified in 1989. Widespread testing for CF started in 1991, but the first clinical trials of CF gene therapy - delivering correctly functioning copies of the defective gene to patients' lungs - did not begin until this year, at least five years further clinical

development will be required before this treatment becomes

widely available. Asked why his team was first in the world to produce a genome map, Dr Cohen points out that be started before any-one else: "I founded Ceph in 1989 with Jean Dausset (a Nobel-prize winning geneticist] using a \$10m bequest from a French art collector. So we had six years experience before the Human Genome Project was launched in the US in 1989." Others attribute Ceph's suc-

Creating the map is like solving a complicated biological jigsaw puzzle

cess to Dr Cohen'a aingle-minded enthusiasm. "He created a unique environment in which to carry out such a large-scale task, at a time when it was not possible anywhere else," says Dr David Bentley, head of human genetics at the Sanger Centre near Cambridge in the UK. He identified the best techniques and automated them very

effectively."

Ceph and Généthon operate
30 robots to do much of the work performed by scientists and technicians elsewhere - an unprecedented level of automatioo in biology research. The

essential technology for labelling and detecting DNA frag-ments was developed in collaboration with Amersham International, the UK life sci-

ences company. . Creating the map is like solving an immensely complicated hiological jigsaw puzzle - cut-ting up DNA in different ways with enzymes and fingerprinting the fragments to see how they overlap and fit back

The French scientists do not work with raw human genes. Instead they have refined a trick nriginally invented in 1987 in the US. They cut the buman DNA into large pieces and transfer them into yeast cells. As the yeast grews and divides, it produces clones of the human DNA, known as yeast artificial chromosomes. These YACs are then sliced into smaller fragments for detailed analysis.

Dr François Gros, the geneti-cist who is secretary of the French Academy of Sciences, describes the resulting physical map as "a continuous ordered set of DNA fragments. essentially a guidebook to the genome". But to the untutored eye, it looks like an incompresible jumble of overlapping horizontal lines and vertical bars of different lengths, labelled with long strings of letters and amphers.

The data would form a pile of paper as high as the Biffel. Tower, if printed out in full. A

"condensed" version will be published as a 300 page book early next year. But any researcher wanting to use the map will have access to it on the internet computer octwork, which connects scientists around the globe.

"We have introduced a new style of communicating data," Dr Coben says. "We have tested the database with some of our international collaborators but I guess it will take a few mooths before everyone gets used to it."

As a point of principle, Ceph and Généthon will not try to patent the map or any of the information in it. But they recognise that, under the pres-ent rules, researchers elsewhere could use the map to identify specific genes and then patent them for diagnos-

tic or therapeutic applications. International collaboratioo on a large scale will be needed to fill in the gaps in Ceph's map, find inaccuracies and improve its resolution. The aim is eventually to decode all of the estimated 100,000 human genes and know precisely where each gene lies on the 23 somes that make up the human genome. This is likely to be achieved in the first

decade of the next century. Dr Cohen promisea the excitement of genetic research will feed through to patients, in the form of improved treatments and eventually cures. "In 10 to 20 years most of the es caused by single gene defects; like cystic fibrosis, will be cared, he says.

The most serious ailments of western society, such as heart disease, mental illness and cancer, result from a far more complex interaction between multiple genes and the envi-ronment in which we live, But, Dr Cohen says, "in 50 years most of these serious diseases will also be cured - and 50 years is almost no time in the

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## Pensions: reform only answer to problems

Sir, Barry Riley (The Long View, December 11) is to be congratulated on his pragmatic assessment of the "personal pension hlues". As he points out, there are no implicit flaws in the personal pensions concapt - it is the product design. distribution and regulatory framework which have caused the problems.

The Financial Services Act has only belatedly caught up with the post-1983 pensions regime. Even now anomalies exist - for example, rights under an occupational scheme are outside of the FSA. The legislative framework for pensions is unnecessarily complex

- the Goode review team acknowledged this but was unable to suggest any real simplifications. Many of the complications are a consequence of conflicting tax and social security constraints - not least because of the inconsistencies of contracting-out arrange-

Personal pension providers have exacerbated matters by designing products with obscure charging structures, partially to facilitate disproportionate commission payments

with acquiescence of the regulators. The investment and Hampshire RG2 2SZ

interest rate risks associated From Mr Hyman Wolanski with any "money purchase" provision are real but can be minimised through judicious use of a variety of investment instruments, including deriva-tives – and a more flexible approach to annuity provision - as highlighted by William Burrows ("Escaping the annu-

ity trap", December 11). Regrettably future changes will not redress matters for those who have been ill-advised in the past. However, what is needed is a creative and radical reform of the whole pension provision infra-structure - not tinkering with the existing framework and the introduction of further tiers of bureaucracy.

A new style, employer-spon-sored personal pension with tax relief dependent on compulsory employer contributions and limited commission and overall expense loadings would be a stop forward. The personal pensions golden goose may not be dead - but it is in desperate need of some swift intensive care. John Moret, pensions manager

Provident Life Association.

Sir, The only real surprise in the current controversy about transfers from company pension schemes to personal pensions is the extent to which everyone seems to be so surprised by all this.

The problem mainly falls in two distinct areas: I Enticing members of com-

pany pensions schemes to optout of their company scheme into a personal pension; and 2. Transferring benefits left behind in a previous company scheme to a personal pension.

You do not need to be a genius - or even an actuary to realise that an occupational pension scheme into which an employer is paying substantial contributions is normally going to produce much better benefits than a personal pen-sion into which no employer contributions are made. Evaluating the option of giving up a deferred pension and taking a transfer value from a company pension scheme to a personal pension is extremely complex. Very few advisers have the necessary expertise in both company pension schemes and individual pension arrangements to carry out such an analysis properly. Those that can do this normally charge for the time spent on the exercise and in our experience very few individuals, or financial advisers, are prepared to pay for this advice. Hyman Wolanski, Wolanski & Co.

Consulting Actuaries, 114-118 Southampton Row, London, WC18 5AA

From M G Newmarch.

Sir, I am seriously concerned bout the recent publication by the Securities and Investments Board of a KPMG survey on transfers of benefits from occupational pension schemes to personal pension contracts.

The survey looked at 10 commies out of the 240 members of Lautro, the self-regulatory organisation - the Prudential was not among them. We have taken and continue to take a prudent and responsible approach to such transfers and do not accept the results of the survey apply to pension trans-fer policies arranged through Prudeotial representatives. Nevertheless we shall of course be happy to discuss any concerns our customers may have. M G Newmarch.

chief executive, Prudential Corporation, 142 Holborn Bars, London ECIN 2NH

#### PEPs, private investors and a lack of concern

From Mr Peter Spencer.
Sir, Mr J D Wittle made a

good point in his letter "Crestfallen investors" (December 11) about the seeming lack of coocern for the private investor in the drawing up of plans for the Crest share settlement system. I think there has been a similar lack of concern in the way

that personal equity plans (PEPs) have been allowed to develop and I would like to feel that pressure will continue to be brought to hear on both Surely the Treasury - and the Bank of England - should

see that the respective systems take fully ioto account the needs of the private inves-

In the case of Crest, it is essential that private investors should not be disadvantaged by a higher cost structure, but with both Crest and (self-select) PEPs it seems vital to me

that the investors' names should be "on the register" so that they receive balance sheets, proxy forms etc. The Bank of England Crest team is said to be wishing to improve what it call the "visibility" of the relationship between companies and their shareholders when cominees are used which I take to mean the same

thing!

My plea is, therefore, that pressure should be maintained on behalf of the private investor in relation to Crest and to PEPs. Certainly ProShare should be supporting the case and I feel that it would be a great help if you would coo-tinue to publicise the matter on behalf of your private investor readers. Peter H Spencer.

310 Ewell Downs Road. Ewell,

#### Seeking same subsidies From J E Ferry.

Sir, You are right ("Gatt and the media", December 15) that

many of the EU arguments are a smoke-screen for a commer-cial interest. You have unintentionally contributed to that smoke-screen by repeating the French disinformation that the Americans want subsidies for European films cut or abandoned.

This is not so. What they do. feel, and this is highly under-standable, is that their European subsidiaries should bene-

fit from the same aubsidies when the source of those subsidies is a levy on box office receipts and when those sub-sidiaries make films in Europe. Far from trying to intervene in the fiscal policies of sovereign states, the Americans are seek ing to eliminate unlawful discrimination. J E Ferry LeBoeuf, Lamb, Leiby &

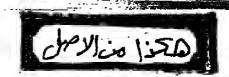
MacRae, 14 Rue Montoyer. 1040 Brussels,

### Food's fine, fuel's unfortunate

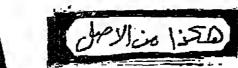
From M A Grazier,

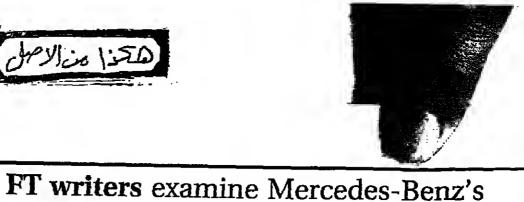
Sir, Gillian Tett's article on the developments in the Russian aviation industry (Business Travel, December 13) was both educational and humorous, particularly her descriptions of herb omelettes, champagne and roses.
I think her readers will be less amused, though, to learn

that the 161 new regional carri-ers in Russia use petrol to power their aircraft. My information is that kerosine (Jet-Al) is the most likely choice of fuel for safe and timely arrivals. M A Grazier 158 Dora Road London SW19 7HJ









# FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Monday December 20 1993

# Europe's steel deal

The fury of private steelmakers over Friday's deal by European Union industry ministers on state aid is understandable. Unsubsidised steel businesses, mostly pri-vate-owned, will be damaged by the agreement to approve Ecn7bn in hand-outs to inefficient stateowned companies in Germany. Italy, Spain and Portugal. Closures of more efficient, unsubsi-dised plant are now likely.

The acceptance of histantly unfair competition in the steel industry also sets a worrying precedent. in coming weeks, the European Commission will consider whether to approve state aid to several national airlines and Bull, the French computer group. It must be hoped that its negotia ting position has not been weak-ened by the steel deal.

Yet it is also clear that it was never going to be politically possible to enforce a no-subsidies regime for steel. The German, Italian, Spanish and Portuguese governments would not have agreed to a course of action that brought about large and highly visible joh losses in regions which already suffer from high unemployment. The question is therefore not

whether aid should have been approved, but whether a sufficient price was extracted in return. The main quid pro quo was an agree-ment by the offending govern-ments to close 5m tonnes of capacity, and not to give their companies any more subsidies. But there were also fudges: new capacity is being built in Germany, while some of the Italian plant being "closed" has not been

producing steel since 1991.

Mr Karel Van Miert, the competition commissioner who managed the deal, argues that it was not possible to take a tougher line because the Treaty of Paris, which covers ateel and coal, requires subsidies to be approved unanimously, so giving every country a

But it is not clear why the requirement for unanimity could not have heen turned into a strength rather than a weakness. After all, without agreement, aid

is illegal under the Treaty.
Of course, such a move would have sharply raised the stakes and would only have been possible with the full support of other commissioners. In particular, Mr Jacques Delors, the Commission president, would have had to become publicly involved.

A tougher line would have produced a fairer deal. Even if governments had refused to make further capacity cuts, it should have been possible to extract other concessions. For example, the Com-mission could have insisted that member states which subsidised their steel companies compen-sated unsubsidised competitors for the damage.

It may now be too late for a compensation scheme in the steel industry. But such an arrangement should be part of any future deal which involves the European Union approving state aid. Not only would this ensure redress for those harmed by unfair competi-tion. It would also make governments think twice before handing

# UK training

For roughly a decade there has been a strong consensus around the view that raising the skill level of its workforce is the UK's most important microeconomic priority. After a week which has brought the first sighting of skill : shortages in the West Midlands, as well as a widely publicised attack on the new system of National Novocational Qualifications (NVQ's). it may seem that this consensus has not produced much in the way

of worthwhile results. But given the structure of the UK labour market and the lack of the formal framework on which training is based in other counbe a long haul. And the overall picture is less gloomy than recent news suggests. Britain now has, for the first time in its history, a national system for companybased training, in the shape of the employer led Training and Enterprise Councils and the employerdevised NVQ's. Both have their shortcomings, but they are not set in stone and can be improved with

They are also taking shape in a much more friendly environment than 10 years ago. Training budgets were cut less in this recession than in the last. And the latest Labour Force Survey finds that 2.8m employees of working age received job-related training in the four weeks prior to being inter-viewed an increase of 69 per cent

Much of this training effort is being concentrated on elite groups, such as computer special-

ists, or takes the form of crash courses to compensate for the fact that initial training in middle range craft and technical skills is so poor. It is with the latter in mind that the government has now come up with a third leg to its training effort - a "modern" apprenticeship scheme, to be launched in autumn 1995. This is a long time to wait, but at least the delay shows that the government is not seeking short-term political

There is also enough time to work out an appropriate combination of public and private financing, something which in-company training has not had before. Indeed, the apprenticeship scheme might be an opportunity to experiment with German-style collective employer funding, topped up by public funds, in an effort to reduce the temptation for companies to poach skilled workers rather than train them. The fact that young people's wages are continuing to fall ought to help.
The NVQ system needs refining.

it should be more stringently tested and less job specific. For all its faults, though, the current training framework does try to integrate training with real husiness needs, something which the grandiose plans of the 1960s and 70s often failed to achieve. Handing training over to employers is not on its own a solution. Combined with financial incentives which encourage more employers to provide quality training, it can be. The government is still shuf-fling in the right direction.

# Charity lottery

Would Britain's national lottery raise more money for good causes if it gave its profits to charities rather than to shareholders? Mr Richard Branson, the airline entrepreneur, and Lord Young, the former Tory minister who now runs telecommunications group Cable & Wireless, say it would. Their Lottery Foundation plans to bid for the lottery on a charitable basis when the licence is put out to competitive tender this week. All their rivals are profit-driven.

Charity gives Branson and Young a public relations edge. But while it is welcome that the two men are giving their time for nothing, that should not be a deci-sive factor. Profit is not a dirty word, but an important means of motivating people. Not only have both Branson and Young preached the gospel of enterprisa in the past. Their lottery will also pro-vide suppliers with the opportunity to make profits, precisely because they feel that the operation must be commercially-orien-

Moreover, it is not as though all the money from a profit-driven lottery would go to shareholders. They will get only what is left over after payments to the government's fund for good causes, prize money, lottery duty and administration costs. Because the licence will go to the bidder with the best prospect of maximising funds for good causes, there should be little opportunity to earn monopoly profits. Indeed, it is even possible that the winner will end up losing

The central question is therefore not whether handing the lottery's profits to charity is intrinsically ethical hnt whether doing so would help maximise the proceeds for good causes. According to the Lottery Foundation, there are two reasons why it would. First, more people would play because they would feel good about the profits going to charity. Second, there would be lower financing costs because shareholders would not need to receive dividends.

Neither of these arguments looks all that compelling. Most of the evidence suggests that peopla play lotteries because they hope to get rich, not because they feel charitable. Moreover, although the Lottery Foundation would not pay dividends, it would still need to raise debt to finance its

Lack of equity might even be a drawback not an advantage. With-out the comfort of an equity cushion, lenders might insist on higher interest rates. And if it was saddled with a high gearing retio, the lottery would probably have to run itself conservatively. As a result, it could be prevented from pursuing strategies that maximised the return to good causes.

This is not to say that the Bran-son/Young bid should be rejected on a priori grounds. It may hold out the best prospect for maximising funds for good causes it, for example, its rivals are too greedy. If so, it will deserve to win. Other-

ust three months ago, Mr Hel-mut Werner, the elegant Mer-cedes-Benz chief executive, gave the Financial Times an exclusive. Chatting enthusiastically about his planned Vision A car, the company's first venture into the small car market, he said Mercedes was looking for a European site to be devoted exclusively to making 200,000 annually. Four countries were under consideration: Germany, the UK, the Czech Republic and one other. A week later it emerged that France was also on the list. According to Mr Werner, a decision would be made

by the end of the year.

The rush was on. In Britain, for example, the Northern Development Company, NDC, responsible for economic regeneration in north-east England, reacted within 24 hours to a request from the Department of Trade and Industry for details of potential 250-300 acre sites.

Bidders now admit it was curious that Mr Werner should publicise sensitive plans at such an early stage. It was even more curious that he should be scouting around for a greenfield site when he had a per-fectly good, state-of-the-art factory standing almost idle in Germany. Was it conceivable that the ultra-respectable Mercedes was playing an elaborate game? Was it cynically using its international prestige and credibility in an attempt to hluff or brow-beat its German workforce into accepting tough new working conditions in return for the job of building the new car?

The story and the issues it raised ere ignored by the German media. They were preoccupied with the Daimler-Benz aubsidiary's demands that its 85,000 workforce must accept cuts in perks, bonuses and other benefits which would save Mercedes DM200m (£79m) a year. Days later, Mr Edzard Reuter, group chairman, was piling on the agony at a press conference. Productivity Mercedes had to increase 40 per cent by the end of 1997; the group workforce was to be cut hy 44,000 in 1993 and 1994, and 27,000 of those jobs would be lost from the automotive arm, he said.

But the Mercedes workforce representatives, aware that the A-Class project and 3,000 jobs were at stake, were not going to give up DM200m easily. The pressure on the work-force increased: Daimler's Deutsche Aerospace subsidiary promptly announced the closure of six German factories and sites. Management in the AEG division made sure the world knew of an impending sell-off, including the off-loading of its domestic appliances to Elec-

The Mercedes workforce was left in no doubt that group manage-ment, after years of talking about restructuring and changes in attitude, was now taking action.

Last Wednesday, when Mr Reuter revised the group-wide job loss total up to 51,000, a somewhat flustered Mr Werner told journalists that the A-Class was to be huilt at an existing, one-year-old Mercedes works in Rastatt, close to the eastern French border, and that a package of DM200m cost-savings bad been agreed with the unions in an early-bours dash the previous

The Rohert Bosch group started it. A year ago, when most of German industry barely suspected how deep a recessionary hole it was in, the publicity-shy electronics

way out. It had decided to build a new semiconductor facility. Its preferred site was Reutlingen, home since 1971 to most of its sophisticated electronics capacity. The snag was that for technical reasons, the plant had to be run round-theclock, seven days a week, and the trade unions would have none of it. Negotiations started and planning went ahead - for two sites, one in Germany and one in Scotland. By February this year the package was complete. The German unions had overcome their ingrained opposition to weekend working. With little fanfare, the DM200m investment was approved for Rentlingen, 300 jobs were secured, and the Scots were ont in

A month later, the company told

decision to locate its new plant in Germany rather than elsewhere in Europe East, west -

# home's best



night to meet the management's

A similar message was sent out simultaneously to the foreign con-tenders for the A-Class factory. "We still thought Arras was a serious contender right up until Wednesday morning," says a local authority official in the northern French town. Mr Patrice Joosep, director of economic expansion at the local chamber of commerce, says he was disappointed. "But we always knew Germany would be a stiff competitor. That's the name of the game in projects like this," he adds.

The British contenders, aware that the Rastatt plant was already built and under-used because of a collapse in demand for cars, say they had additional cause to doubt the earnestness of Mercedes' approaches. It was unusual for a site-search of such importance to be announced publicly, and the threemonth timescale was curiously short. But they swallowed their

According to Mr Robert Haymon-Collins, head of marketing at the West Midlands Development Agency, the short notice made it difficult for his office to put packages together, "It was all off the-shelf stuff," he admits. But given that Mercedea would need easy access to an east-coast port - the A-Class is intended as a strictly European city car - his area dropped out of the serious running fairly early in the process. Chatter, gossip and exchanges of notes hetween local authorities and London ministries indicated that this was the way Mercedes was thinking. Even so, Mr Haymon-Collins says: "We treated the project with due credibility, although one could have predicted the outcome."

The NDC, which has wide experience in the inward investment maze and 375 foreign successes, including the £900m Nissan car plant in Sunderland, says it was well aware that Mercedes might be using the

tiations with domestic unions. "But we all take the view that until a deal is done there is everything to play for," says Mr Les Henson, chief executive of the County Durham Development Company, which worked together with NDC on the

"When an agreement depends on negotiations with a third party which may not succeed, then 'plan B' [a move outside Germany] would come into play. We treated it very seriously on that basis," he added. Mercedes, too, handled the search with convincing thoroughness, underlined hy personal site visits from Mr Werner himself and Mr Peter Martens, director of the A-Class project. Mr Chris Fraser, operations director of the NDC, remains convinced by the seniority of the people involved and their methodical approach that the Mercedes team was seriously evaluating real options.

It was shown two sites, both in

visit on November 2 The agencies' efforts were reinforced by the involvement of Mr Ian Gibson, head of the local Nissan operation, and Mr Llew Aviss, personnel chief of the nearby Fujitsu microchip plant.

The Yorkshire and Kumberside Development Association, YHDA, offering sites at Doncaster and Hull both ports already used by Mercedes for shipping parts and vehicles - was chary at first. "But then it got very serious indeed," said Mr Mark Saville, the association corporate affairs manager. "If it was all hluff, we are convinced the people looking here did not know anything about it."

A German team, led by Mr Martens, garnered more information than even companies that had actu-ally moved into the region in the past. Two YHDA staff were sec onded to the project full-time. Mr Martens appointed local agents and consultants to assess the sites. The association produced an exclusive promotional video for screening in

he touring party also apparently paid serious attention to the Czecb Republic, where four towns volunteered them-selves. The Stuttgart team descended on a 100-hectare former army hase close to the Skoda engineering works in Pilsen. Mr Vladi mir Dlouhy, trade and industry minister, was not very optimistic when he emerged from follow-up talks on November 22. After all, earlier talks with the group on establishing a \$250m trucks joint ven-

ture, bad collapsed only in March.
After the Rastatt announcement, the disappointment appeared great est at the YHDA, which at one stage put other johs to one side and set all its 30 staff to work on the project. There was more stoicism further north. The NDC's Mr Fraser found the experience valuable. "Being on the shortlist will stand us in good stead in future," he said. His County Durham colleague, Mr Henson, agreed: "An experience like that makes you better prepared for the next large project that comes up. We're just waiting for the next

As Mr Henson suggests, optimism is a far more valuable quality than scepticism in real-life husiness dealings. Events of the past few days hend to prove the thesis. As the FT has since learnt, the Arras town hall spokesman was right that his area was in the running until the last minute, The northern French town had been top of the Mercedes reserve list. The company had made all the necessary arrangements for a press conference in Paris last week to announce that the plant was to go to Arras.

But the media invitations were not faxed. At the last minute, German union officials swallowed their scepticism about the seriousness of Mercedes' threats. They surrendered the DM200m savings demanded by management, and secured 3,000 German jobs.

Reports by Christopher Parkes, Ian Hamilton Fazey, Paul Cheeseright, Patrick Blum, Chris Tighe, Alice Rawsthorn, Kevin Done

# Stick to shake at workplace

#### Christopher Parkes on German cost-saving labour deals

concern was already digging its a cost-cutting programme, some of its products were still 30 per cent more expensive than those of foreign competitors. As a result, the previously agreed 3 per cent pay rise, dne on April 1, would apply outy to basic pay. All the "traditional" perks and bonuses would be excluded from the calculation, saving the group DM250m a year. White collar workers received letters telling them their salaries

would he reduced by 3 per cent. Bosch, with more than 150,000 workers worldwide, had successfully set about undermining two of Germany's notorious structural defects - a seemingly unbreakable noward pay spiral and inflexible working practices - which hitherto appeared to have condemned all the country's manufacturing to a

petitiveness.
Since then, there have been several variations on the Bosch stickand-carrot theme, with, unusually for Germany, rather more empha sis on the stick than the vegetable. By threatening to build a new factory ontside Germany for Its projected A-Class mini car, Mercedes last week wrong concessions on operating economies from unions worth a claimed DM200m.

General Motors had previously struck a similar deal for a 475-job diesel engine line to be installed in Kaiserslautern in preference to any of the nine other options under consideration outside Germany. Volkswagen, hy threatening 30,600 joh losses, recently won agreement to reduce working times which will mean real reductions in net income

Its German workforce that despite future of fading international com- of up to 12 per cent for 100,000

employees.
So far these signs of a new order have been confined mainly to the automotive industry (Bosch is a leading vehicle components maker) which has been worst hit by recession. But the results, achieved with little or no serious industrial nnrest, suggest that if the process can be kept up and extended into the deeper reaches of the industrial base. German manufacturing may soon be back on the road to international competitiveness.

Whether or not, as some union leaders and politicians claim, employers are gaining the upper hand through the use of coercion or blackmail, the acceptance of change la spreading rapidly through the industrial workforce, and the beginnings of a snowball

effect are already apparent. GM's engine plant deal, for exam-ple, set the tone for a parsimonious fonr-year agreement, signed last month, covering all 50,000 employees of Adam Opel, the US group's vehicle-making subsidiary in Germany. This includes workers accepting only two-thirds of any nationally-agreed pay increases for the duration of the deal. All of Mercedes' German employees agreed to

less generous pay and conditions

arrangements to safeguard 3,000 jobs at the Rastatt plant. The most obvious assumption prompted by the events at Bosch, GM and Mercedes, in particular, is that the companies helieve they will now be able to make semiconductors, diesel engines, volume cars and high-class minis and sell them at competitive prices any where in the world market. It may not yet be wholly true, but the signs are that progress is being made, and that the preminm-earning "Made in Germany" label has more of a future than many would have believed 12 months ago.

#### OBSERVER

#### Claymores at the ready

■ Who will become head of the Auditing Practices Board, now that Bill Morrison, the incumbent, is retiring from KPMG Peat Marwick and heading back to his native Scotland with a sporran-full of part-time appointments?

Some board insiders favour another Scot, Ian Percy, head of the Scottish Accounts Commission and ex-president of the Institute of Chartered Accountants of Scotland.

That would sustain the kilted caucus which dominates the musty world of accounting and auditing in the UK, since another tartan number-cruncher, David Tweedie. is chairman of the Accounting Standards Board.

But word is that the top dogs at the Institute of Chartered Accountants in England and Wales have a different idea this time round. The non-Scottish contingent seem to prefer the distinctly English Ian Plaistowe of Arthur Andersen.

Keswick taxed ■ Now that Kenneth Clarke's first Budget has bedded down, some

entertaining snippets are beginning to emerge concerning his longstanding special adviser, the independently wealthy aristocrat, Tessa Keswick

Quick learner she may be -Keswick won plaudits for November's hudget - but clearly she had to be. Soon after Clarke took over as

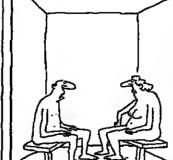
Chancellor, at a meeting with some of his key key advisers. Keswick put a question to a neighbour. "Let me get this absolutely clear. Direct taxation refers to this year, and indirect to next year, am I right?" But noblesse ohlige: Treasury colleagues still loyally speak of Keswick's "unrivalled political

#### Rotting boroughs

Those of you who imagine the European parliament to be a dull old place, stuffed with humourless

Eurocrats - think again. At least one Euro MP - Caroline Jackson, a Tory from Wiltshire is showing distinct signs of wit. She has just written to Egon Klepsch, president of the parliament, to see how many of her fellow 515 deputies are still

She says: "For a year I have been sitting next to an empty chair assigned to an MEP from Naples.



'Hell doesn't exist - this is purgatory'

or any vote for a year. Is he possibly dead? In which case I am very sorry, but maybe be should not be being paid his salary, not to mention half his office allowances." Jackson adds that "some MEPs

Of course there is always another side to an argument. Perhaps Jackson's Neapolitan neighbour has got the full measure of the place and is engaged in a lengthy.

many other dead souls might there

# (EW)

He has not turned up for any debate have not been seen for years. How

though silent, boycott?

#### Post haste ■ The disappointed folks who failed to get their expected invitations to the Clinton-Gore Inauguration last January may still strike lucky, albeit a year late. For they may be among the unfortunates whose mail has just turned up in a warehouse in

Blytheville, Arkansas. A container holding 40,000 pieces of mail and Christmas 1992 gifts has just been unearthed at the back of the Many of the invitations were to be sent to addresses in Arkansas

and Tennessee, the home states of President Clinton and Vice President Gore. The mail will now be delivered "as soon as possible"; with luck in time to stop them voting Republican next time round.

#### John who?

■ The considerable cash spent every Christmas by Britisb households on trivia knowledge games is evidently wasted. In a recent Gallup poll of more than 1,000 adults, just 11 per cent recall Pete Sampras as winner of this year'a mens' singles champion

at Wimbledon; 28 per cent come

Graf - for the womens' aingles. Only one in three remember the names of the two world boxing champions - Chris Eubank and Nigel Benn - whose October fight ended in a draw. Literary and artistic general

up with the right name - Steffi

knowledge is also ahysmal; only 14 per cent know that William Golding wrote Lord of the Fties, while just 35 per cent correctly pinpoint Tchaikovsky as the composer of the 1312 Overture. A paltry 23 per cent accurately say that ERM stands for Exchange Rate Mechanism. Clearly standards of education

are not what they should be. Complaints should be addressed to John Patten, education minister. But then, according to the same survey, only 25 per cent of us know

#### Beyond Arafat

■ The Christmas spirit has seeped into the oddest places, including august publishing houses.
An colleague of Observer's was last week told by his publishers

to expect copies of the new edition of his jointly penned hiography of Yasser Arafat. The package duly arrived, containing six copies of a tome entitled "Beyond Ararat: Travels in Eastern Turkey".

# FINANCIAL TIMES

Monday December 20 1993



Bentsen conciliatory after attack by vice-president | Italian

# **US officials back IMF** over Russian economy

By John Lloyd in Moscow, George Graham In Washington and Edward Balls in London

Senior US government officials have sought to dilute criticism of the International Monetary Fund over its policy on Russian economic reform following a scath-ing attack last week by Mr Al Gore, the US vice-president. Mr Gore, who left Moscow on

Saturday night after an eight-day visit, had urged the IMF board to pay more attention to the hardship in Russia caused by reform. But in Washington yesterday, Mr Lloyd Bentsen, treasury secretary, said international financial institutions had to retain some conditions on assistance to Russia "to keep the pressure on the reformers". He insisted the hlame for Russia's problems could not be placed on efforts to

"I don't believe that when you are having 10 to 20 per cent infla-tion a month that means that you are having excessive

A s the IRA and its political wing, Sinn Féin, deliber ate over their response to

the British and Irish govern

ments, the 700 IRA prisoners held

in jails around the world are

likely to play a pivotal role in the

initiative's acceptance or

rejection by the Republican

The fact that the Republican

movement refers to them as

"prisoners of war" is indicative of

the important role Sinn Féin and

the IRA expect their release to

play in any peace settlement. If the "war" is declared over, then

the logic from their perspective is

that all prisoners captured in

A Sinn Féin spokesman said at

the weekend: 'Prisoners are ohvi-

ously one of the issues that

would have to be addressed if

there is to be a meaningful peace

process." He added that the Issue

of loyalist prisoners - of whom there are also 700, mainly in

Ulster jails - would be of equal

importance to the loyalist para-

Mr Danny Morrison, a former

publicity officer for Sinn Fein

who is serving an eight-year sen-

tence for unlawful imprisonment, is one of the key figures within

the prisons directly responsible

for organising debates and dis-cussions among IRA prisoners on

the peace initiative. In his col-umn published in Republican

News, the nationalist newspape

he has also heen one of the lead-

ing advocates over the past two

years of developing a peace pro-

cess and of reaching an accom-

that "war" should be released.

reform too fast.

Another senior US official cautioned against making the IMF a scapegoat for the inability of the Russian government to implement reform. "Russia's economic problems have much more to do with too little reform than too much," he said.

However as Mr Gore returned to Washington, officials travelling with the vice-president renewed the attack, alleging the IMF's approach had been inadequate in the run-up to the Russian elections, in which antireform parties, including the far right, won a large vote.

One official with the vice-presi-

dent said: "Setting extremely amhitious macro-economic tar-gets and using the achievement of these targets as a yes/no, do or no-do switch for the release of Western aid - and then watching vigorous efforts fall just short of the target set is insufficient." On Saturday, Mr Gore won a

eymnathetic hearing during talks in Germany with Mr Helmut Kohl, aithough Bonn did not join his call for a shift in the IMF's

Ulster peace deal may turn

on the former combatants

modation with the Unionists.

prime minister, said last week

that there would be no amnesty for paramilitary prisoners. This

does not, however, rule out a

case-by-case review and the pos-

sibility of remission of sentences

heing granted by the attorney

Mr Albert Reynolds, the Irish

prime minister, said he believed

that the issue of the prisoners in

the UK and the republic would be

approached "with flexibility". He

said that the first Anglo-Irish

joint Brussels statement in Octo-

ber, which refers to "doors heing

opened" in the event of a cessa-

tion of violence, implies that the

issue of prisoners will he

Most IRA prisoners are serving

sentences of 15 years or more, according to the Sinn Fein "Pow

department" in Belfast. A total of

tences of 20 years or more, mostly for murder. Many of the

rest are serving sentences for

possession of firearms or explo-sives. In Northern Ireland, some-

one found with a firearm is likely

to be charged with "possession with intent", which carries a

much heavier sentence than

"possession" alone.
Of the 700, 350 are held in the high-security Maze(Long Kesh prison in Northern Ireland.

A further 260 are held in other

prisons in the province, some of

Mr John Major, the British

Tim Coone on the pivotal role

of Republican 'prisoners of war'

strategy. After the talks, Mr Kohl said "economic reforms will only be successful ... if at the same time one is able to bring about a social situation that offers a clear

and hopeful perspective".

An IMF mission visited Moscow earlier this month but was unable to agree further payments under the wide ranging package agreed earlier this year.
The IMF says there is no Russian hudget for 1994 and the only statement on economic policy has come from Mr Viktor Chernomyrdin, the prime minister. He said inflation would be cut to 2 per cent a month, and the hndget deficit reduced to five per cent of

gross national product, hy the end of the year, IMF officials say. Intense pressure is mounting on the reformers, especially Mr Yegor Galdar, first deputy prime minister and leader of the main liberal group Russia'e Choice, following their relatively poor election showing.

> Oil-rich infants valnerable to Moscow hullying, Page 3

these being prisoners on remand

Some 55 prisoners are held in

Portlaoise prison in the Republic

of Ireland, while a further 30 are

held in mainland Britain, 12 more

are imprisoned in the US or con-

In the Republic, four prisoners

are serving the maximum sen-

tence of 40 years, an uncommut-

able sentence except through the

Over the coming week, a total

of 440 prisoners from Northern

Ireland's jatis will be given a

seven-day Christmas release on parole. This figure includes IRA

and Loyalist paramilitaries, as

well as ordinary criminals. Sig-

nificantly, 95 will be prisoners

serving life sentences for "terror ist-related offences", according to the Northern Ireland Office. Sinn

Féin said that about 60 of these

nity for those in prisons to exchange views with those on the

According to Mr Richard McAuley, the Sirn Féin spokes-man, "if there were to be a diver-

gence, those in prison would not

have a veto over the people on the outside. The prisoners are

just one of the constituencies of

the Republican movement, hut

we will look very hard at what they come up with. At this stage

we are all moving on the same

will be from the IRA.

outside

intervention of the president.

tinental Europe.

awaiting trial or sentencing.

# deputies approve budget

At the same time the government over the weekend agreed two decrees to reform the country's existing electoral constituencies - the final plece of elec-

and the electoral law complete

The hudget was approved by 276 with 49 abstentions and 35 It envisages syphoning L32,000bn (\$19bn) out of the economy, two thirds through spending cuts and the rest through new taxes. The emphasis on apending cuts reflects the Ciampi government's view that the 1993 hudget had increased fiscal pressure far

The 1994 hudget deficit will be cut from the current 10.5 per cent of gross domestic product to 8.7 per cent.
This now leaves the way open

for President Oscar Luigi Scalfaro to dissolve the parliament in which one in six members are under investigation for corruption-related offences. He is likely to do this in his year-end address

tough test for Mr Ciampi, the first non-elected prime minister this century. His parliamentary majority was thrown in doubt by the collapse in the last few months of his main backers, the Christian Democrats and Socialists. These traditional ruling parties were also asked to endorse tough measures that hit hard at their supporters with cuts in early retirement pensions and enforced joh flexibility in the

future government.

Italy's chamber of deputies has approved the 1994 austerity budget and the Senate is now almost certain to give the go-shead this week, opening the way for general elections early next year.

toral law reform.
With the 1994 hudget approved

Mr Carlo Azeglio Ciampi, the prime minister, has fulfilled the two fundamental tasks he undertook when he was persuaded in May to leave the governorship of the Bank of Italy and hecome prime minister.

against (Greens, hardline communists and the neo-fascist MSD.

to the nation.

March 20 has been suggested as a possible date for general elections for Italy to experiment with new laws that introduce the principle of a first past-the-post

majority voting system. The 1994 budget has been a

ber and early November Chris tian Democrats and Socialists threatened to sabotage the hudget. In contrast, the former com-munist party of the Democratic Left (PDS) took the unusual step of publicly committing itself last month to vote for the hudget -even though its framework is pased entirely on market principles. This underscored the desire or Mr Achille Occhetto, the PDS leader, to be seen as a responsihle figure capable of heading a

# austerity

the turn in US interest rates might take heart from the behaviour of Wall Street. US equities have remained remarkably calm in the face of rising bond yields. The yield on 30-year Treasury bonds has risen by half a percentage point eince mid-October as the economy has gathered momentum. Short-dated issues have started to anticipate that the Federal Reserve will raise interest rates in the early part of next year. But one or two bouts of nerves aside, the equity market has held its ground.

One reason is that even bears of the US bond market concede that long-dated yields are unlikely to rise much above 6.5 per cent next year, from 6.3 per cent now. While the outlook for growth is starting to improve, unit labour costs remain firmly under control. The output gap is wide enough to allow several quarters of above-trend growth before serious inflationary pressure are felt. If growth fell away in the first quarter of next year, long

bond yields might even trickle back.

A sharp tightening of short term rates could still cause trouble. With shares yielding so little and the outlook for dividend growth poor, equities would surely euffer from higher returns on cash. Tomorrow's meeting of the Fed's Open Market Committee will doubtless etoke speculation. Respectable employment figures in the new year, combined perhaps with early signs of a resurgence of bank lending, would be reason enough to uudge rates higher. Glven the uptick in bond yields this autumn, a gentle rise in interest rates should be already in the price.

#### UK accounting

The UK husiness community is divided on the thorny issue of accounting for goodwill. The Accounting Standards Board is no exception. Today's discussion paper offers two methods of treating goodwill, the premium to net assets paid hy companies on acquisition. Half the board's members believe that goodwill is not a measurable asset and should be written off to reserves. The rest maintain that it should be capitalised in the balance sheet. Rather than writing off all goodwill over a fixed period, though, companies would depreciate only if the investment falls in value. The second approach might have

the virtue of capturing companies which overpay for acquisitions, since big depreciation charges should result.

# Sunny side of the Street

Share prices relative to the FT-A All-Shere Index 1992

UK conglomerates

THE LEX COLUMN

But that assumes a watertight method of valuing companies can be found. The discounted cash flow test suggested by the ASB depends on assumptions about margins and over-heads, which are highly subjective. The ASB hopes to prevent abuse by insisting on a second test, based on the past performance of the acquired company. Whether that would be suffi-

cient to prevent over-optimistic valuations remains, at best, unproven.
Still, if the method is shown to be sound, the approach deserves a fair hearing. The wider danger is that companies and accountancy firms might come to dominate the debate. Twothirds of written responses came from these parties during the last attempt to find a solution. The onus is on shareholders and other users of accounts to make their views known. A politically acceptable solution which detracts from transparency is not a testrable outcome.

#### BTR

It is always unsettling to see a company's shares slip without apparent reason. BTR's fall from favour this autumn, which has seen it underperform hy 20 per cent since its peak in August, is a case in point. The immediate explanation seems to he fresh focus on the £305m provisions taken after the Hawker acquisition, and the extent of the company's short-term deht. Some £2.8bn of bank and other loans or 88 per cent of total deht was repayable within two years at the end of 1992, though the company also had cash of £1.06bn.

Yet the Hawker provisions are nothing new. Nor is there any sign that debt is troubling the company. If its dehts were getting uncomfortable, BTR would hardly have splashed out

\$550m buying Rexnord this month. BTR's short-term deht jumped after its acquieition of Hawker. It has been coming down since then. A legitimate question, though, is the pace at which it falls in the second half of the year.

The company's cautious interim statement is not particularly encouraging in this regard. Weak markets, for example in aerospace, may reduce the need for working capital. But the chances are that the company may be heavily reliant on disposals, the enhanced scrip and warrant conversions. Next year, underlying cash flow should improve - not least because the Hawker reorganisation will he over. Meanwhile, hy taking large provisions and running up its short-term deht, BTR has made itself vulnerable to speculation. But at 354p, its shares yield 4 per cent, and the company is much less hemmed in than Hanson after Quantum.

#### Property valuation

Trafalgar House's three rights issues in short order have at least enabled it to write down its assets to a realistic level. Some of these revisions, though, have thrown up further questions about the subjectivity of property valuations - in particular, the swingeing writedowns taken on Trafalgar's joint venture developments at Paddington

Basin and Chiswick Park. Previously, Trafalgar had hooked these on the basis of their projected values on completion, relying on forward assumptions about yields, costs, and interest rates. But doubts about how quickly these projects can be fin-ished have led Trafalgar to revert to a current valuation basis for these sites. Using the Royal Institution of Chartered Surveyors' red book, Trafalgar House has now cut the carrying value of its share of the Chiswick Park development from £38m to £8m.

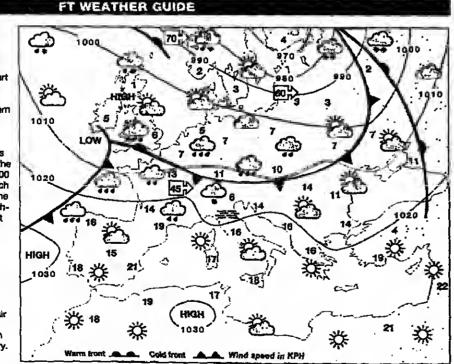
This is all perfectly prudent. But in the case of Chiswick Park, it will leave its partner, Stanhope, in something of a quandary. How each partner chooses to value an investment in a joint venture is a matter of subjective opinion which can legitimately vary according to accounting policy and timing. The joint venture company itself last valued the whole Chiswick Park site at £50m. It would appear decidedly odd if Stanhope did not follow Trafalgar House's lead. At least it does not have to worry about its carrying value until Its next year-end in June. Its first priority is to raise £160m of badly needed

#### Europe today

It will be rainy and cloudy across a large part of Europe. A small frontal depression w track east over southern Ireland, southern England and the Netherlands. In the southern parts of the British Isles, the Netherlands. Belgium, northern France and later on in Germany, Poland and the Czech Republic rain fall of around 20 millimeters in 24 hours may be expected, in the northern parts of the Alps, there will be rain, although above 2,000 meters, there will fall snow. Along the French coastline, a westerly gale is likely. Inland, the wind will increase to a fresh-lo-strong southwesterly breeze. Across southern Europe, it will be suriny and dry along the Spanish Mediterranean coast, with temperatures rising to around 20C. In southern France, partly cloudy skles and dry conditions are

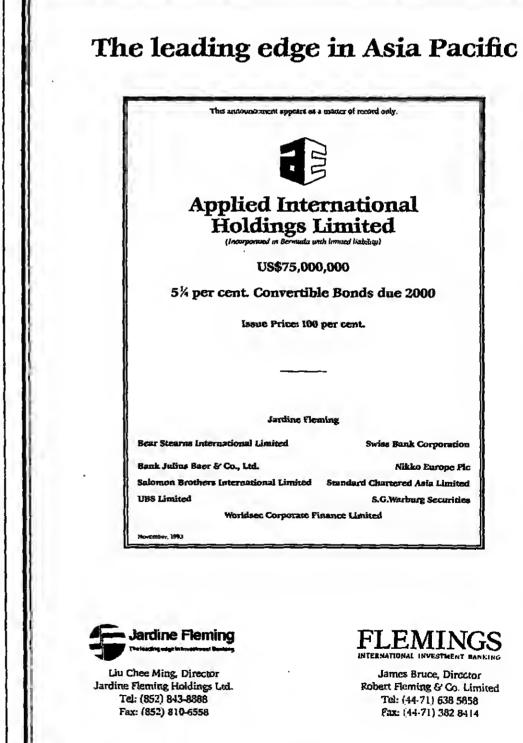
Five-day forecast

It will remain very unsettled. A strong westerly flow will bring cool and unstable Into Europe. Rain and showers will be interspersed with clearings, and in northern regions it will become gradually more wintry





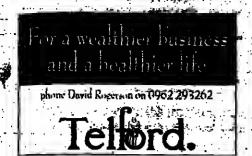
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#### **FINANCIAL TIMES**

# **COMPANIES & MARKETS**

OTHE FINANCIAL TIMES LIMITED 1993



# to shake , up US

Saatchi and Saatchi, one of the world's largest advertising groups, is preparing to shake up its three agency networks in the US, its biggest market, by splitting off media buying into a separate operation.

The plan, being discussed

with Saatchi's main US clients, is being pushed forward by Mr Charles Scott, the recently appointed chief executive. His strategy is to turn round the heavily indebted group by winning new business, cutting costs and increasing operating

The firm approach of Mr Scott, an accountant by background, has led to some disquiet within the group and to rumours that the founding Saatchi brothers, Charles and Maurice, have been looking at ways to fund a buyout of one of the networks, Saatchi and Saatchi Advertising Wnrldwide. The group has said the rumours are "pure apecula-tion" and the network is not

Mr Scott's plans for a separate media-bnying operation in the US would follow similar developments in Europe. Zenith Media, Saatchi's media planning and buying arm, is set for rapid expansion next year, financed by a proportion of the proceeds of a £73m

rights issue in May.

The aim is to differentiate the Saatchi networks from their competitors in the US by nffering to clients Zenith's expertise in the purchase of television, radio and press advertising space. At the same time, clients would be able to benefit from the discounts a centralised media-buying oper-

stion could negotiate. Removing the media-buving function from the Santchi advertising agencies would down on duplication of work

and to reduce staff further. A £10m extra provision for redundancies - which followed the loss of two large US, accounts worth a total of £30m for 1994 - plus pessintism about client spending during the coming year, led to a profits warning two weeks ago. Analysts cut pre-tax profits forecasts for this year by about £6m £24m-£29m.

# Saatchi Deutsche wins Hungarian networks telecoms prize

A consortium led by Deutsche A consortium led by Deutsche Telekom, tha German state owned telecommunications company, has pulled off eastern Europe's biggest single privatisation deal after agreeing to pay \$55m for a 30 per cent stake in Matay, the Hungarian state telecoms concern state telecoms concern.

MagyarCom, the partnership in which Telekom owns 50 per cent plus one share and Ameri-tech, the US regional Bell operator, the remainder, also agreed to support plans for \$4.3bn m capital expenditure at

Matav by the year 2002.

The Telekom group defeated a higher headline bid of \$910m, offered by Stet International, part of the Italian state company, and its partner Bell Atlantic, the US regional operator. A third consortium of France Telecom and US West, another regional operator,

The Hungarian anthorities said price was not the only fac-tor. The evaluators had given credit to Telekom's experience in modernising eastern Ger-

many's telephones. Sources close to Stet, however, claimed its bld was technically as well as financially

The MagyarCom consortium, although the minority abareholder, will hold half the seats and a tie-breaking vote on the operating committee of Matav. Hungary's state holding company AV RT, which retains a majority sbareholding, reserves the right to nominate the chief executive hut MagyarCom names the chief

financial and technical officers. The Telekom group has also promised, as did competing bidders, to turn Hungary into a regional telecommunications hnb funnelling traffic from Romania, Ukraine and other

east European countries. The consortium has given commitments to increase the number of lines by more than 15 per cent a year so that Hun-gary can reach line density of 35 per 100 inhabitants by 1999. Matav is the first east European telecoms company to be ffered to investors. The price reflects international telecoms

companies' growing interest in emerging markets. A tax holiday of 100 per cent for five years and 60 per cent for the following five years also contributed about \$200m. to Matav's value.

#### LWT presses on with defence plan

By Raymond Snoddy.

Landon Weekend Television is pushing ahead with a plan to create a quartet of ITV licences under combined ownership, as part of its defence against Granada Group's hostile bid. Only a passing mention is

made of the plan in the defence ers yesterday. These concentrate on LWT's record and prospects, adding merely that it is in discussions with York shire-Tyne Tees. There is an undertaking that any proposals would be put to shareholders.

Talks that might see LWT making an agreed bid for Yorkshire, and Anglia Television taking over Tyne Tees, appear ment holds around 10 to be making progress. Apart of the company.
from the possibility of creating LWT defence, page 16

.FT-A Stores sector

UK RETAILERS

number of turkeys.

Turkeys lead

Christmas charge

The UK turkey market will reach fever pitch this week as more than 10m birds head for the Christmas table. Cut-price

offers at the large supermarkets mean consumers are set to gobble up a record

Turkey sales are the most obvious

component in the most crucial four days of shopping in the year. Analysts expect a modest recovery in retail sales

this December after two stagnant years,

constrained consumer spending earlier on. Uncertainty over the outlook for

on. Uncertainty over the outlook the Christmas has been dogging the stores sector for the past couple of weeks. The period is especially important for jewellers such as Signet, the former Ratners chain, as well as for groups such as Boots (tolletries), Marks and such as Roots (tolletries), and Wil Smith

Spencer (clothes) and WH Smith

It will, of course, be a vital week

Matthews, which holds a 30 per cent

The sale of other turkey products has helped extend the market. Mr

George Hayes, marketing director at Bernard Matthews, said UK demand

for pre-packed cooked meat and other

turkey products was expected to be

about 30 per cent up this year. This

dinosaur-shaped turkey product which

includes the niche for its new

is coated in breadcrumbs.

share of the market for oven-ready

for turkey producers, such as Bernard

(records and books).

although the November budget

the largest ITV company, if the rules were changed to allow it, more immediate agreements are being pursued. These envisage LWT, Yorkshire, Tyne Tees and Anglia co-operating on everything from cost reduction to programme pro-

LWT, as a 14 per cent shareholder in Yorkshire-Tyne Tees has access to board papers and reckons the loss-making company's problems are being

Sir Christopher Bland, LWT chairman, said yesterday: "The LWT management have done well for shareholders and themselves. They don't want to bale out now." LWT management holds around 10 per cent

#### David Waller reports on Heinz Schimmelbusch's rapid fall from grace as Metallgesellschaft's crisis becomes clear

Monday December 20 1993.

r Heinz Schimmel-busch, the charis-matic Austrian ousted as chief executive of Metallgesellschaft on Friday. was once the darling of Ger-man management circles. It was only in 1991, at what

in Germany is the tender of age of 47, that Mr Schimmel-busch was elected German manager of the year. Two years later, his career at the Frankfurt-based metals, mining and industrial group has heen abruptly and ignominiously brought to an end - for

alleged mismanagement.
Together with his finance director, Mr Schimmelbusch was fired at a specially convened meeting of the group'a supervisory board. He was accused of not keeping the board properly informed of problems at MG Corp, the group's US trading subsidiary which last week forced Metallgesellschaft to turn to its bank-

ers to fend off a liquidity crisis. Four further directors were nudged out - two into retirement, two demoted - and a new management team was appointed, headed by Mr Kajo Neukirchen, former chief executive of the Hoesch steel group and a restructuring expert.

The scale of the management changes is believed to be unprecedented for so large a German company. They point to the seriousness of MG Corp's problems with its dealings in oil futures on the New York Mercantile Exchange, problems which have yet to be quantified as investigations

Equally unprecedented is the turnaround in Mr Schimmel husch's fortunes. One of the youngest chief executives of a large German company when he was appointed in 1988, he quickly won a reputation as a visionary strategist - able to woo both the Anglo-American investment community and the executives of Deutsche Bank, Dresdner Bank and the Allianz insurance group which together own 26 per cent of Metallgesellschaft's shares and dominate its supervisory

Mr Schimmelhusch, a man capable of being abrasive and charming in equal measure, joined the Frankfurt hased group more than 20 years ago after an early career as an economics lecturer and a year with investment banks in New

Wall Street enriched his fluent English with a store of expletives which sometimes shocked the lunch guests he used to take to his favourite

# From award winner to can carrier

Metaligeselischaft

Share price

Nov

1994

Italian restaurant on the out-

skirts of Frankfurt. While

armed bodyguards waited out-

left impressed at the eloquence

its current structure to Mr

Schimmelbusch. His strategy

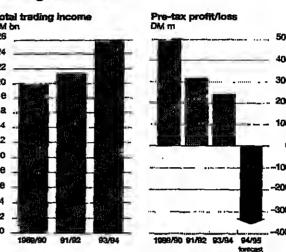
was simple: to reduce the

group's dependence on hase

metals by making acquisitions

in other business areas.

of a gifted salesman.





Between 1989 and 1992 be spent about DM2.5bn, culminating in one of the higgest transactions in post war Germany - the side, he would deliver his DM1.45hn purchase of the nonmonologues on the future of Metaligesellschaft, and guests paper divisions of Feldmühle from the Swedish Stora group. While the Feldmühle acquisi-

tion, which included the Bude-With annual turnover of rus and Dynamit Nobel indus-trial companies, has yielded about DM25bn (\$14.7bn) generated from about 250 subsidiaries, Metallgesellschaft owes healthy profits, the focus of his smaller purchases now seems misguided. His aim was to build Metallgesellschaft into the largest provider of environmental services in Europe. The group has nearly 90 subsidiaries in areas such as recycling, pollution control and

econtamination.

Mr Schimmelbusch boped that other European countries would catcb up with Germany's high standards of envi-ronmental legislation. But although turnover from environmental services was DM2.8bn in the year to September, demand has simply not developed as planned and profits were a derisory DM31m.

As a strategy aimed at insulating Metallgesellschaft from its dependency on metals and mining, it failed. The group bas been hit hard by the downturn in metals prices, partly caused by an influx of cheap imports from the former Soviet Union, and by the severity of the German recession which drove subsidiaries such as Kol-benschmidt, in autocomponents, into deep losses.

Generous analysts were prepared to give Mr Schimmel-husch the benefit of the doubt after all, he could not have foreseen the lifting of the iron curtain when he initiated his strategy in the late 1980s. Who hetter than the 1991 German manager of the year to see through the rationalisation needed in 1992 and 1993?

However Mr Schimmelbusch squandered the goodwill be ad won from the international Investment community and from the German financial and industrial establishment, which had put him on the pedestal from which he was toppled on Friday.

He lost it partly through creative accounting. Few analysts believe that the DM245m profit the group reported in 1991-92 provided a fair representation of underlying performance. This impression was compounded hecause the group was unwilling to present earnings according to the DVFA formula used by most hig Ger-man companies to iron out the effects of one-off extraordinary and exceptional income.

In the end he came unstuck because of the problems at MG Corp, which has huilt up its business in marketing and distributing products such as gasoline and beating oil. When the problems first became pub lic two weeks ago, Mr Schim melhuscb and the group's hankers insisted there was nothing sinister. MG Corp had been obliged to make cash payouts - so-called margin calls on futures contracts as the price of oil moved down. A mere technicality, said Mr Hil-mar Kopper, Deutsche Bank's

Continued on Page 17

#### The Markets this week

Starting on page 18

PETER MARTIN: GLOBAL INVESTOR



increasingly outdated, says one US fund manager. What does outdated. this tell us about the boom in emerging stock markets! Does the Gatt treaty affect the argument? Page 18

EDWARD BALLS: ECONOMIC EYE



time-bomh. relatively old population, which will age more slowly than other developed countries. But Japan finds itself with a relatively

young population which is aging fast. Page 18 The Ecu bond market could be beading for better times.

helped by Jacques Delors' "Brussels bonds", Page 20 Looking to 1994, Wall Street concern centres on prospects for a shift in the Federal Reserve's monetary

policy. Page 21

Emerging markets: After the Bombay Stock Exchange's leading index soared by nearly 30 per cent in six weeks, stockbrokers went on strike instead of celebrating. Page 19

Currencies: With most currencies in Europe's ERM creeping hack into former fluctuation bands, the possibility of a return to narrower bands is being mulled over, Page 19

Base lending rates .... FT-A World Indices ...... FT Guide to Currencies .... 19 Foreign exchanges ...... London recent issues ..... London share service .. 26-27 Managed fund service . 23-24 Money markets ..... New int bond issues ...... World stock mkt indices ... 22

#### This week: Company news

#### PARAMOUNT

#### Sudden death on a newly levelled playing field

The \$10bn takeover battle for Paramount Communications will reach a climax this afternoon, which is the deadline set by the Paramount board for final offers for the film and publishing group.

On the table at present are a cash and stock hostile bid from QVC Network, the television home shopping group, which is worth around \$9.9bn, and a friendly cash and stock bid from cable company Viacom, worth around

Both are expected to submit

The "sudden death" sealed-bid auction follows a rebuke to the Paramount board from the supreme court of the state of Delaware for failing to create a level playing field between the two hidders and for not giving serious consideration to the QVC offer.

The outcome of the battle may not be known for some time. The Paramount board must first consider the bids and will recommend that shareholders accept the one which it believes offers them the "greatest value". This could take several days.

The offers will then have to remain open into January to allow time for acceptances. And the Paramount board has reserved the right to extend the date for final bids.

The board will not necessarily recommend the bid with the highest immediate value.

Assuming the bidding companies offer part-payment in the stock of their businesses, the board may want to weigh up the relative growth prospects of Paramount Viacom and Paramount-QVC.

However, since the board is lifting the "poison pill" defences which have protected the company from hostile bids, shareholders will be free to ignore Paramount's advice and accept whichever offer they think is in their

#### OTHER COMPANIES Ferruzzi kicks off record restructuring

Italy's biggest industrial restructuring operation kicks off on Tuesday with multiple rights issues for Ferruzzi Finanziaria (Ferfin) and Montedison, its main operating subsidiary.

Ferfin is launching a multi-phase capital increase to raise up to L2,932bu (\$1.74bn) via a series of rights and warrant issues. Separately, Montedison will raise up to L5,172bn through a complex string of deals involving new shares, warrants on further new stock and warrants to buy equity in its Edison energy subsidiary.

■ De Beers: The diamond group's central selling organisation announces its 1993 sales results today. At the half-year. De Beers, which controls at least 80 per cent of the world market for rough (uncut) diamonds, reported record sales of US\$2.543bn, a 42 per cent rise from the same months in 1992, but warned "it would be unwise to look upon the increased level of sales for the first half as a reliable guida to 1998 as a wbole".

CSA: The troubled Czecb national airline, will hold an extraordinary meeting today in an attempt to resolve a dispute with minority shareholders Air France and the European Bank for Reconstruction and Development. They claim they overpaid for their combined 40 per cent stake in the airline. The airline will make record losses this year and management changes are expected.

# Montedison

■ United Airlines: On Wednesday the board of United Airlines, the bigges US carrier, meets again to consider the deal put together by management and unions, which entails workers taking a controlling stake in the airline in return for \$5bn of labour concessions. The board first considered the plan last Thursday but sent it back for unspecified financial issues to be resolved. It is under heavy pressure to accept the hard-won agreement, hut a fall in United's share price last Thursday suggested that the market saw it as a bad deal for sharebolders. Hope over experience, Page 17

**■** UK Companies: On Monday Eurotherm, the process control equipment supplier, is expected to report a strong profits improvement. On Tuesday, Wessex Water should show a solid performance in its diversified businesses. European Leisure, the debt-laden snooker hall and discotheque operator, will hold an EGM in Dublin on Tuesday to vote on financial restructuring.

#### Companies in this issue

Anglia TV Associated Nursing Bell Atlantic Broadwater Homes Cementone Consolidated Plant Deutsche Telekom Duniop Estates (DEB) Fife Indmar GiroCredit (Austria)

Johnstone's Paints LWT Matav Metalig Mobiliare Italiano Multitrust Oriflame Paramount

15 15 15 QVC Network

Sesco Sime Darby Simon Eng Skopbunk Union International I inited Airlines Vertex Pharmaceu Vestey Viacom Warburg (SG) Yorkshire-Tyne

This announcement appears as a matter of record only.



STATE COMMITTEE OF UKRAINE FOR CRUDE OIL AND GAS

has awarded a contract to

SINGLE BUOY MOORINGS INC.

JP KENNY CORPORATION AG

in an International Tender for the construction of an Offshore Oil Receiving Complex in the region of Odessa

Advisor to the Committee:

GIROCREDIT MERGERS & ACQUISITIONS INC.

OCTOBER 1993

SCHUBERTRING 5 - A-1011 VIENNA - AUSTRIA - TELEPHONE: +43 (1) 711 94 3820

By Raymond Snoddy

London Weekend Television yesterday condemned as "inadequate and opportunistic" the bostile offer from Granada worth more than £600m, and urged shareholders to reject it. Sir Christopher Bland, the LWT chairman, said in a letter to shareholders that the offer from Granada, the rental, leisure and television group. requires them to exchange their holdings in 'a highly

earning half its profits in a low growth sector".

regarded television company

for shares in a conglomerate

the casb alternative of 528p a share was too low, and acceptance of the share offer would result in a fall in dividend income for LWT shareholders. In what is clearly the first salvo in a long campaign, LWT concentrated on its own track

record and future prospects. lt emphasised that since December 1989 only four companies of the 811 in the FT-Actusries All-Share Index had increased the value of their shares more than LWT. "By contrast Granada was the 247tb best performer in the

index in this period". The document points out that £100 invested in both com-

Rebel shareholders in Fife

Indmar, the Scottisb engineer-

ing and distribution company.

have failed to topple the chair-

At an extraordinary meeting

in Edinburgh, shareholders

defeated an attempt to oust Mr

Gavin Hephurn, chairman, and

panies' shares on December 15 1989 would bave returned, including dividend, £755 from LWT and £176 from Granada.

LWT was now the third largest ITV company in terms of share of net advertising revenue, whereas Granada fell from third to fifth place between 1982 to 1992. 'Granada may need LWT to

make sense of its television business but LWT doesn't need Granada." said Sir Christopher. The LWT chairman also promised shareholders s profit estimate and recommended dividend for 1993 in the new year. Analysts are suggesting

pre-tax profits of around £36m

Rebels fail to oust Fife directors

The rehel shareholders had

Mr Hephurn said be looked

forward to getting on with run-

ning the business and continu-

ing to serve the interests of shareholders.

and who retains a 2.5 per cent

We were fully justified in the

Mr Crolia, who led the rehels

made allegations of costly acquisitions and poor financial

compared with £30.6m last

Mr Gerry Robinson, chief executive of Granada, said yesterday the LWT board seemed to be confused: it admitted that scale was necessary in television, yet rejected the only logical combination In terms of advertising revenue, audience size, financial strength and

licence payments.

paint side for £55m By Peter Pearse In a sharp, sudden and, in the

'In the meantime Granada is offering a generous multiple of 32 times historic earnings or 27 times market estimates for the current year which reflects the high opinion that Granada has of LWT's business." Mr Robin-

actions we took and we bope

that the outcome will he a bet-

ter Fife Indmar and a better return for shareholders."

Mr Chassels said over 40 per

cent of the shareholders who

voted had backed the rebels.

He urged the board to address

the issue of corporate gover-

nance. "It is wrong that there

should he only one indepen-dent director - the other board

members are brothers, the

financial adviser and the com-

pany secretary."

Last Thursday the Wolverhampton-based group announced that it had bought the printing inks and graphic supplies business of Croda International for £26.7m cash. Friday'a sale will all but wipe out Manders' borrowings.

words of Mr Roy Amos, chair-

man, "emotional" change of

atrategic direction, Manders

has sold its decorative paints division to Johnstone's Paints.

a subsidiary of Total Oil Holdings of France, for £55m

**Manders** 

sells

casb.

Mr Roger Akers, Manders chief executive, said in a statement that the recent rationalisation of the UK decorative paint industry [with the acquisition by Akzo, the Dutch group, of Crown] bad limited the potantial for growth in that part of the group's busi-

There had also been consolidation within the printing inks industry, making it important for Manders to identify which market it should develop. The group would now concentrate on speciality chemicals with an emphasts

on printing inks".

With Akzo and ICI the two main forces in the UK decorative paints industry, Manders only had 7 per cent of tha market. Kalon, which in June 1992 launched an nusnecessful £106m all-paper bid for Manders, has about 12 per cent. After yesterday's sale. Total will have about 15 per

Mr Amos said that Johnstone's had undertaken to contime to manufacture paints at the Wolverhampton and Bingley factories for five years, though he conceded that there would be some rationalisation

Manders' decorative paints division, Mr Amos said, was set this year to make "a little more" than last time's £3.6m (£2.2m) operating profits, which gives a "good p/e of 20". Turnover last time was £53.5m (£37.4m) and the asset value is

## Vestey's new management prepares finance changes medium-term banking facilities Sir John Collins, former chair-

By Scheherazade Daneshkhu

The Vestey Group, one of the largest privately-owned companies in the UK, has appointed SG Warburg as adviser to help

refinance the company. Warburg is believed initially to be focusing on normalising financial arrangements between Union International, the indebted trading arm of the Vestey gronp, and Union's bankers.

It is understood that Union is about the come out of the standstill arranged with its bankars last year and that

will be established, allowing it to operate under normal trading conditions.
Peat Marwick, the accoun-

tant, is believed to be advising on ways of restructuring the group's debt while NM Roths-child, the merchant bank, has been called in hy Mr Terry Robinson, chief executive of Union, to advise on floating part of its east Asian businesses on the stock markets in

Australia and New Zealand. The changes are part of a strategy being put in place by a new management comprising

man and chief executive of Shell, who was appointed chief executive of Vestey in September with effect from next month, and Mr Robert Cooper. former director and head of corporate finance at Robert Fleming, who has been

appointed finance director. Union has been reducing its net debt, now believed to be a little more than £100m. Earlier in the year, it reported it was operating profitably and that its net debt was down to £202m in the year to December 31 1992 from £327m 12 months earlier.

#### Cementone takeover details

By Tim Burt

Cementone, the specialist paint and building chemicals manufacturer, has announced details of its £9m reverse takeover of Multitrust, the property investment company.

the Bockingham-based group is offering 12.3m consideration shares at 73p. Mr Andrew Perloff, chairman of Mnltitrust, will retain 7.45m shares with the remainder placed with institutions.

The deal will give Mr Perloff a 33.9 per cent stake in the

enlarged company.

Mr Alfred Baxendale, chief executive of Cementone, said the company was also planning to raise £4.6m through a placing of 6.29m new shares at

Meanwhile, a separate rights issue for 3.9m shares is proposed to raise a further £2.8m. Income from the rights and placing will be used to reduce gearing and fund acquisitious in the paint and hullding chemicals Industry. The enlarged group also

the disposal of Multitrust's property partfolio. Once completed, the transaction is expected to value the company Pro-forma earnings per sbare were forecast yesterday

at 4.5p, with a notional divi-

dend of 2.5p.

plans to generate £3.2m from

Mr Michael Munro, director. stake in the company, said: The shareholders have voted and replace them with Mr and we accept their decision. Guido Crolla and Mr David

Simon sells 50% stake

in TR Oil Simon Engineering has sold its 50 per cent stake in TR Oil Services, together with its associates, Arabian TR Oil Services, South East Asia TR Oil Services and Scandinavian Oil Field Chemicals, to its joint venture partner Hoechst for

£6.15m cash. In 1992, TR Oil had sales of £16.9m, pre-tax profits of £1.85m and net assets of

Scantronic

Scantronic Holdings, the electronic data communications group, is raising £1.18m net of expenses via a placing of 1.73m new ordinary sbares at 69p

The proceeds will be used to

**NEWS DIGEST** finance the growth of Alarmexpress, the group's wholesale distributor of security prod-

**Associated Nursing** Associated Nursing Services has made a recommended offer worth £1.75m for the shares in Broadwater Homes it does not already own.

Broadwater is at present managed by ANS. The offer of 192p per share for the outstanding 73.35 per cent values Broadwater at £2.39m.

Oriflame

Mr Jonas af Jochnick, the vicechairman of Oriflame International, bas sold 1.7m shares in the cosmetics and toiletries direct sales company at 322p per share. This reduced his stake to 10.24m shares, or 19.09 per cent of the equity. Of the shares, 500,000 have been bought by Abacus (CI)

who act as trustees to the Progress Settlement Trust, in which some members of the Jochnick family have a possible beneficial financial interest. The remaining 1.2m shares were placed with institutional clients of Panmure Gordon.

Shares suspended

Share dealings in Sime Darby were suspended on Friday at 154p at the company's request following suspension on the Kuala Lumpur stock exchange. Dealings in the shares of Consolidated Plant were also suspended at the company's request at 69p.

SG Warburg

on the depot side. SG Warhurg, the investment bank, is buying the Hagglof & Ponsbach equity research and broking arm of Gota Bank for an undisclosed sum. Warburg will integrate the business with its equity broking operation in Sweden.

# Wellcome in US Aids alliance

By Paul Abrahams

Wellcome, the pharmaceuticals group, has formed an alliance with Vertex Pharmaceuticals, the Massachusatts-based biotechnology group, to develop orally active protease inhibi-tors against Aids and HIV, the virus causing Aids.

The agreement is worth up to \$42m (£28.1m) to the US group. Protease is an enzyme essential for HIV to replicate. Wallcome will pay an initial \$15m and provide research support and payments for agreed

return, the group acquires the rights to develop, manufacture and market Vertex's HIV protease inhibitors in tha US. Europe and other countries outside east Asia In April, Vertex signed an

agreement with Kissei Pharmacentical of Japan, to develop orally active drugs against HIV for the Chinese and Japanese markets. Under terms of the agreement, Kissei could pay Vertex up to \$20m.

Other companies which are exploring the use of HIV protease inhibitors include the Du Pont-Merck joint venture,

Upjohn, and Abbott of the US, and Roche of Switzerland. The Roche compound is probably furthest developed and has demonstrated some efficacy in

Wellcome's move is part of a continuing strategy to forge links with biotechnology groups, in December last year appointed Mr Mark Weedon to the newly-created post of group licensing director. The deal is one of the first results from the new US licensing team. A team has been set up in Japan, and further agreements are expected next year.

	CROSS BORDER	M&A DEAL		
BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Arameo (Saudi Arabia)	Petron Corp (Philippines)	Oil	£336m	Bid for 40% stake
Corning (US)/Siecor (Germany/US)	Unit of Northern Telecom (Canada)	Fibre optics	£86m	Part of Coming realignment
Reuters (UK)	Teknekron Software Systems (US)	Computer services	£83m	Not assuming operational control
SCA (Sweden)/Minorco (Luxembourg)	Aylesford Newsprint (JV)	Peper	266m	50/50 venture agreed
Gooding Consumer Electronics (UK)	Grundig Electronique (France)	Consumer electronics	£18.3m	Rescuing TV plant
Burmah Castrol (UK)	Unit of S C Johnson (Japan)	Lubricants	£12n	Cash deal
Bowthorpe (UK)	Kaye Instruments (US)	Measuring equipment	£11.5m	Conditional cash deal
Protean (UK)	Techne (US)	equipment equipment	£5,4m	Continuing expension
EAO Holdings (Switzerland)	Highland Electronics (UK)	Electronics	£3.6m	Arien group disposal
Reed Elsevier UK/Natherlands)	Glutine Editore (italy)	Publishing	n∕a	Taking 40% stake

for the 5ix months ended 30 September 1993 (unoudited)

	1993/94
Tomover 200 March 1997	408.9
Frolit on Ordinary Activities before tax	54.9
Tox on profit	(14.3)
Profit for the period	40.6
Interim Dividend	7.00p
Eomings per share	34.1p 23.5p

HIGHLIGHTS

■ Pre-tax profits increase to £54.9m (1992: £37.1m) ■ Earnings per share 34.1p (1992: 23.5p)

■ Interim dividend per share 7.0p (1992: 6.10p)

■ 1% electricity price reduction from 1 July 1993 ■ £47.3m expenditure to improve services

■ Significant service improvements achieved Bryan Weston, Chairman, said:

"Clase attention to costs together with investment to improve services have reduced prices to customers while maintaining dividend growth for shareholders. Our focus an improving services for customers is paramount and the profit levels achieved have enabled us to support \$47.3m capital expenditure in the business during the first half of the financial year. We are now seeing the benefits of this policy. In the 12 months to September 1993, compared with the previous 12 months, complaints fell 52%, payments for failing guaranteed standards fell by 79% and ections feli 98% to just 17. We remain committed to providing the highest quality service for our customers at a low cost."

In the six months to 30 September 1993 group turnover increased 7.0% from £408.9m to £437.4m, due almost entirely to increased

Changes in au new electricity contracts with the generalars, together with the new accounting treatment necessitated by them, have resulted in a more appropriate spread of electricity purchase costs over the year. Had the accounting treatment been used lost year, the 1992 interim operating pratit would have been £6.0m higher, and taking this into account, the underlying profit increase is 25%. This \$6.0m difference, together with lower supply costs. accounted for most at the increase in group profit before to- to-£54.9m. We are not expecting to see such a high percentage increase in profit for the year as a whole.

The tax charge was £14.3m (1992; £9.2m) - on effective rate of 26.0%, and cornings per share rose 45.1% to 341p

The Board is declaring an interim dividend of 70p (net) per ordinary share, which will be paid on 11 March 1994 to shareholders. on the register on 4 February 1994. This is a 14.8% increase on the 1992 interim dividend of 6 10p (net).

The region continues its slow recovery, with a growth in units distributed being evident across all sectors and a total increase in units of 2 14% compared with the 6 manths to September 1992.

**OPERATIONAL REVIEW** 

Distribution business turnover at the half year increased by 2.5% to £1175m. However, segmental profit fell by £4.1m to £36.5m due mainly to freezing the Use of System tariff, increased depreciation and customer service investments.

Most of the 7.4% increose in supply business sales to £400.8m came from gains in the competitive over-IMW market. The change from a segmental loss of £2.7m in 1992 to a segmental profit al £17.4m this hall year was due to the new contracts and

The regional electrical retail appliance markel continues to be depressed, affecting retail sales which were £13.3m at the halfyear slage, down 2.9% compared with the some period last year. One-off costs associated with re-focusing 15 shaps as customer service centres pushed the business into segmental loss at the holf year of £0.5m (1992: £0.2m prafit) which we expect to be proved at the year end

Electrical contracting sales increased 26.3% to £12.0m and the business improved to a segmental loss of £0.2m (1992: £0.6m). A) the end of September Manweb Gas produced a small profit with contracts in place to supply nearly 1000 sites. Both wind farms were operational and our generation activities also produced a small operating profit at the half year.

CUSTOMER SERVICES

Graup capital expenditure on the distribution network and business infrastructure rose to £47.3m reflecting increased investment levels to improve both the reliability of electricity supply and also other

A number of custamer services were initiated during the first holf of the year. The new Select tariff, which abalishes the standing charge for law users of electricity, was taken up by 23% of palential customers. Extended hours and Saturday availability for account queries were introduced. Facilities to pay accounts for North West Cable TV and, on a Irial basis, Welsh Water were provided in our shaps. Fifteen of our shops were re-launched with extended customer service facilities and hundreds of new outlets were appointed to sell meter cards, many open in evenings and at weekends. In October, Manweb was awarded the Citizen's Charter Mark in recognition of excellence in the

delivery of public services. As well as providing the services our customers want, we are committed to controlling costs. As a consequence, on 1 July 1993 we reduced overage electricity prices to tariff customers by 1%, and introduced a discount for card meter customers.

Many of these initiatives will be helped by the more flexible working orrongements agreed with staff as part of the new lacel company agreement, which came into effect in July.

Our businesses continue to perform in line with internal forecasts. The 1% price reduction came into effect on 1 July 1993 and together with a more appropriate spread of electricity purchase costs will result in a lower percentage increase in profit of the year end than that produced at the hall year. Further service initiatives are being introduced while careful control of costs ensures we fulfil our high quality, low cost utility objective.

company's reastable from the Company Sacretary at the Company's reastared affice at Sealand Pood, Chester CH1 412 (9244 652047).

For further information call our Shareholder Helpline on 0839 500343".

\*Calle at peak rates will be charged at 48p per minute and Jöp par minute at any other time.

TRANSPORT AND TRADING COMPANY, p.1.c.

THE "SHELL"

Notice is hereby given that a balance of the Register will be struck on Thursday, 13th Januar 1994 for the preparation of the half-yearly dividend payable of the SECONO PREFERENCE IARES for the six months ending 31st January, 1994. The dividend will be paid on 1st

For transferoes to receive this dividend, their transfers must b lodged with the Company's legistrar, Lloyds Bank Regist The Causeway, Worthing, West Sussex, 8N99 6DA, not ater than 3.00 p.m. on Thursday, 13th January, 1994.

Shell Centre By Order of the Bear Leadow, SE1 7HA Jyoti Mhaselff 20th December, 1953 Secretory

Yasuda Trust and Banking (Luxembourg) S.A. US\$ 50,000.000 Flonting Rate

Guaranteed Notes Due 2000 with Fixed Rate Option Guaranteed by The Yasuda Trust and Sanking Company. Limited

ordance with the provision of the Notes, notice is hereby given that the rate of interest for the interest period 20th December 1993 to 20th June 1994 has been fixed at 3-8375% p.a. The coupon amount payable on 20th June 1994 will be 1951 The per USS 5,300





Dividend No. 426 NOTICE IS HEREBY GIVEN THAT a dividend of 29 cents per share upon the paid up common shares of this Bank has been declared payable for the current quarter at the Bank and its branches on and after February 24, 1994 to shareholders of record at close of business on January 25, 1994

By order of the Board Jane E. Lawson Senior Vice-President & Secretary

This Notice is issued in compliance with the requirements of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (the "London Stock Exchange"). It does not constitute an invitation to the public to subscribe for, or purchase, any securities of Rossmont plc ("Rossmont"). Application has been made to the London Stock Exchange for the ordinary shares of Rossmont, issued and to be issued, to be admitted to the Official List. It is expected that listing will become effective and that dealings will commence at 8.30 a.m on 23rd December 1993.

ROSSMONT plc

(Incorporated and registered in England and Wales under the Companies Acts 1985-1989 with registered number 2798231)

Placing by

Keith, Bayley, Rogers & Co.

16,450,000 ordinary shares of 2.5p each at 10p per share

Share capital following the placing Authorised Number 575,000 23,000,000

issued, fully paid
£ Number ordinary shares of 2.5p each 463,750 18,550.000 Rossmont, through its wholly owned subsidiary Santric Limited, is a specialist supplier

and manufacturer of a wide range of stainless steel sanitary products. The listing particulars relating to Rossmont which include details of the ordinary shares have been published and copies of the listing particulars may be obtained during usual business hours up to and including 22nd December 1993, for collection only, from the Company Amouncements Office, London Stock Exchange Tower, Capel Court entrance, off Bartholomew Lane, London EC2N 1HP and during usual business hours up to and including 7th January 1994 from the registered office of Rossmont, 52 Welbeck Street, London W1M 7AG, Rossmont's registrars and paying agents, Independent Registrars Group Limited, Balfour House, 390–398 High Road, Ilford, Essex IG1 1NQ,

> Keith, Bayley, Rogers & Co. Ebbark House, 93-95 Borough High Street LONDON SEI INL

20th December 1993

Issued and to be

Application has been made to the London Stock Exchange for the whole of the ordinary share capital of Chelsfield plc, issued and to be issued, to be admitted to the Official List. It is expected that such admission will become effective and dealings commence on 21st December, 1993.

Chelsfield plc (Incorporated in England and Wales neder the Companies Act 1985 with Registered No. 2636872)

> Result of Placing and Intermediaries Offer of . 32,258,064 ordinary shares at 155p per share

Sponsored by HAMBROS BANK LIMITED

On 9th December, 1993 16,129,032 ordinary shares in Chelsfield plc were placed firm by de Zoete & Bevan Limited with institutional and other investors. A further 16,129,032 ordinary shares were placed subject to recall to astisfy valid applications received under the Intermediaries

The Intermediaries Offer was 4.86 times subscribed with applications in respect of 78,468,832 Ordinary shares have been allocated to Intermediaries on the basis of approximately 205 shares

Hambros Bank Limited is a Member of The Securities and Furnes Authority 20th December, 1993





# FINANCIAL TIMES MONDAY DECEMBER 20:1993

# IMI expects to float more than 40% of shares

By Haig Stronian in Milan

Mobiliare Italiano (IMI), the second big bank on the Italian government's privatisation list. expects to float more than 40 per cent of its shares, well above original expectations

The higher total, which con-trasts with earlier estimates that only up to 20 per cent of IMI's shares might be sold, suggests the Treasury could raise more than L2,500hn (\$1.5bn), based on informal valuations. Further details are likely

after a special IMI board meeting on Wednesday to approve the draft prospectus for the flotation, due in February.

The pricing will not be revealed until next month, but IMI has already indicated its shares will be sold for between L9800 and L11000 each with a

Aids allia

L9,800 and L11,000 each, with a one-for-10 bonus issue for domestic retail investors who hold the stock for three years. By contrast with Credito Ital-

iano, Italy'e seventh biggest bank, which was privatised this month, the IMI deal will be targeted principally at institutional investors, especially abroad. IMI last week said between 60m and 120m shares would be sold to Italian retail investors, representing between 10 per cent and 20 per cent of its share capital.

According to one semor executive, the domestic retail markets and could prove tranche will represent only counter productive, he argued.

about half the shares to be privatised. This implies that the overall deal could involve up to 40 per cent of IMTs capital.

That would be a compromise between the original plan to float no more than 20 per cent of IMI, which specialises in long-term corporate lending and fund management, and later suggestions that the Trea-eury should dispose of its entire stake, rather than sell the shares in tranches.

The banker said the IMI deal might be brought forward slightly to enable the govern-ment to privatise Banca Com-merciale Italiana, the big Milan based for the beginning of the conbased bank, before new general elections, expected in March.

BCI had been due to be eold in early April, but the Treasury's advisers have pressed

for an acceleration to late February to avoid being overshad-owed by the elections and to benefit from the bandwagon effect of privatisation after the Credito Italiano float. About 100,000 applications for Credito Italiano shares were turned

down due to oversubscription. The banker denied IMI might swap places with the better known BCI in the privatisation queue in order to maximise revenues for the Treasury. Any more than a marginal change in the schedule would cause uncertainty. In international

#### A triumph of hope over experience Skopbank to receive Richard Tomkins looks at the background to United Airlines' employee ownership deal

s the USA in the grip of a workers' revolution? You ight think so, to look at

It is the most spectacular so

far in a series of similar deals.

Earlier this year Trans World

Airlines agreed to give employ-

ees 45 per cent of its shares in

return for \$660m worth of labour cost savings, and North-

west Airlines agreed a plan

giving employees up to 37.5 per cent of the company's equity in return for \$886m worth of con-

Nor is the United deal unlikely to be the last. Mr Rob-

ert Crandall, chairman and

chief executive of American

Airlines, the second blggest US

carrier, has already said he

would welcome a share owner-

ship proposal from his employ-

ees. Delta Air Lines and USAir

The simple explanation for

may not be far behind.

what is happening to its airlines. One by one, they are suc-By Christopher Brown-Humes cumbing to employee owner-At the end of last week United Airlines, the higgest US Skopbank, the higgest casualty of Finland's banking crisis, is to receive a further carrier, and its labour unions

FM350m (\$60.5m) In state aid so that it continues to meet agreed a deal which - if ratified by shareholders and union capital adequacy requiremembers - will give employees up to 63 per cent of the compa-The new injection means the ny's shares in return for \$5hn bank has received FM17.03bn in government assistance since worth of savings in Ishour

it was rescued by the Bank of Finland in September 1991. The government guarantee fund, which has been respon-sible for Skopbank since June 1992, warned that the bank might need further support next year, even though its performance has improved sub-

stantially during 1993. Credit losses are expected to

four other banks.

more state

support

be 40 per cent lower in 1993 than the FM2.8bn level struck last year. In the first eight months the group made a FM870m operating loss after credit losses reached FM885m. Skopbank's role as the central bank of the Finnish savings hanks has heen reduced following the sale of the Savings Bank of Finland to this phenomenon is the big airlines' desperate need to cut Largest US companies costs. Smaller carriers like Southwest Airlines are transforming domestic air travel in the US into a no-frills commodity business in which only the lowest-cost carriers can com-

COMPANIES AND FINANCE

The big airlines have been fighting back by trying to cut their labour costs, which represent their biggest single operating expense.

Thousands of jobs have already gone: now the carriers want to cut remaining employ-ees' pay and make them work harder hy changing working

Not surprisingly, employees are unenthusiastic about the prospect and their beavilyunionised status gives them the power to resist attempts to impose changes unilaterally as demoostrated by last month's strike by American Airlines' flight attendants. . Carriers are therefore trying

to buy employees' compliance hy offering them equity stakes in their companies equal to the net present value of the savings expected to flow from their sacrifices.

Even then, it is not proving easy. Northwest only reached agreement with its unions

when it was on the hrink of

This formal notice is issued in compliance with the regulations of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the London Stock Exchange"). Application has been made to the London Stock Exchange for the Convertible Cumulative Preference Shares to be admitted to the Official List. This formal notice does not

> constitute an offer or invitation to any person to purchase securities. It is expected that dealings in the Convertible Cumulative Preference Shares to be issued pursuant to the Rights Issue will

> > commence, nil paid, on 10th January, 1994 and that dealings in the Convertible Cumulative Preference Shares to be issued pursuant to the Placing

will commence, fully paid, on 31st January, 1994.

with employee share ownership plans

Atlantic Richfield Phillips Petroleum Allied Signal

hankruptcy. TWA was already bankrupt, and only woo a deal because it formed part of a "do-or-die" rescue plan.

United looks different: it is nowhere near hankruptcy, yet has won what appear to be vast coocessions from its unions. In return, however, it has had to yield so many shares to its employees that they will effectively control the

Will the result be drastic changes at United? One early consequence is that Mr Stephen Wolf, the company's 52year-old chairman and chief executive, is likely to step

Mr Wolf has already hinted at his desire to move on when the deal is done, and the unions want to replace him with 58-year-old Mr Gerald Greenwald, a former vice-chairman of Chrysler.

In other respects, however, much the same management will go on running the company in much the same way. The employee representatives will have the power to veto decisions on extraordinary matters such as big acquisitions or disposals. However, as with Northwest and TWA they will have only two or three seats out of 12 or 13 on the board, so they will not be in s position to dictate corporate strategy.

ather, the intended effect is more subtle. with other employee share ownership plans, the management's hope is that employees who have tied up a sizeable piece of their net worth in the business will be more inclined to drop confrontational attitudes and work harder for the company's suc-

At TWA, for example, flight

their spare time to take part in promotional tours for the air-

line around US travel agencies. Yet the idea seems a triumph of hope over experience. Largely as a result of a boom in employee share ownership plans during the 1980s, about 10,000 US companies are partly owned by their smployees. It has yet to be conclusively shown, however, that compa nies that have employee ownership perform hetter than those that do not.

Significantly, the US airline industry has been here before. In the mid-1980s, when the industry faced similar troubles, employees acquired 9 per cent of Continental Airlines, 11 per cent of Trans World Airlines 13 per cent of Pan American
World Airways, 15 per cent of
Republic Airlines, 15 per cent
of Pacific Southwest Airlines,
25 per cent of Eastern Airlines
and 33 per cent of Western Airlines - in all cases trading wage concessions for equity.

They also acquired substantial shareholdings in People Express and America West.

Ominously, it did not appear to help: all nine companies went bankrupt or succumbed went bankrupt or succumbed to takeovers. If United's plan is to prove revolutionary, it will have to do better than that.

#### Partial privatisation for Malaysian utility

By Kieran Cooke in Kuala Lumpur

The electricity supply company in the East Malaysia state of Sarawak is to be partially privatised through a reverse takeover of Dunlop Estates (DEB), formerly a unit of the UK's

Dunlop Malayan Estates. The Sarawak Electricity Supply Co (Sesco) is the sole pro-vider of electricity in Sarawak, one of Malaysla's biggest and most resource rich states.

In one of the biggest deals undertaken in Malaysia, 45 per cent of Sesco, at present fully owned by the Sarawak state government, will be sold to DEB for some M\$750m (US\$294m). At the same time Sesco will acquire a 60 per cent stake in DEB for nearly

The deal forms part of a wide-ranging privatisation pro-

Analysts say that by reversing into DEB. Sesco will gain access to stock market funds, enabling it to expand and participate in several big infrastructure projects planned in Sarawak. The most prominent of these is a proposed M\$30hn hydroelectric project along Sarawak's Rejang river, which will be capable of producing 2,500MW by the year 2005.

Dunlop was acquired from **Dunlop Malayan Estates by the** Malaysian Multi-Purpose group of companies in 1981. Since DEB sold its plantations in 1990 its main focus has been on gaming operations - held through its controlling interest in Magnum Corporation, ths operator of Malaysia's largest and most profitable lottery.

In a corporate restructuring announced in November, DEB said it intended to sell its 52 per cent interest in Magnum to DEB's existing shareholders. The transaction will raise an estimated M\$1.04bn, part of which will be used to complete the Sesco deal.

Analysts say that though the government in Sarawak will able to exercise considerable influence on the way the util-

ity develops. DEB and the Multi-Purpose group are part of the business empire of Mr Lim Thian Kiat, who at 34 is often described as Malaysia's youngest tycoon. Multi-Purpose's activities include banking and other financial services, property development and a small ship-

# TRAFALGAR HOUSE

1 BERKELEY STREET · LONDON WIA 1BY (Incorporated in England)

Rights Issue of 354,952,362 Convertible Cumulative Preference Shares at 100p per share

Placing of 70,000,000 Convertible Cumulative Preference Shares at 100p per share

#### Bad debt provisions hit net result at GiroCredit

By Patrick Blum in Vienna

GiroCredit, the Austrian investment bank and clearing institution for the savings bank sector, expects a sharp rise in operating profits this year hut net profits will be hit by bad-debt provisions.

On the basis of results in the

first 11 months, GiroCredit expects operating profits for the whole year to be around Sch2bn (\$168m), compared with Sch1.3bn in 1992. But the bank will have to make provisions of Schl.4bn to cover bad dsbts and costs related to the purchase of OCI, a small savings bank, in 1992. No dividend will be paid for 1998.

meeting on Friday, Mr Hanz Haumer, chairman, said he hoped 1998 would be the last year the bank has to draw on its hidden reserves to cover

Next year, GiroCredit is expected to start to benefit from a Schöbn package of mea-sures, approved by shareholders in November, designed to cut costs and increase reve-

nues over a three-year period. Mr Haumer was also optimistic that a solution would be found in the next few weeks for the long-awaited reorgani-sation of the savings bank sector with a new ownership structure for GiroCredit.

#### Schimmelbusch's downfall

Continued from Page 15

chief executive But investiga-tions continued and the original assessment had to be

As Mr Neukirchen, fabled in Germany for undertaking the savage restructuring of the FAG Kugelfischer ball-bearing group, puts his feet under Mr Schimmelbusch's desk this morning, at least two questions remain unanswered.

The first is straightforward: how hig is the hole at MG Corp? The big banks have hinted that further equity will have to be pumped into Metallgeseilschaft and that the group's pre-tax losses for the year to September will have to be revised from the provisional DM347m reported last month.

The second is more far-reaching what implications will the case have for German corporate governance? Under the German system, poor manage-

ment is not corrected by the fear of takeover, but by the actions of the supervisory board. How well did the Metallgesellschaft supervisory board supervise Mr Schimmelbusch?

Friday's statement said Mr Schimmelbusch was ousted because he failed to keep the supervisory board informed about developments in the US, which might have been in breach of German corporate law. The board - headed by Mr Ronaldo Schmitz of the Deutsche Bank - will no doubt claim to have acted swiftly in ejscting Mr Schimmelbusch once the scope of MG Corp's

plight became clear. But the big German banks are particularly close to Metallgesellschaft as shareholders, creditors, providers of financial services and as board directors. Given this degree of closeness, it is surprising they did not identify Mr Schimmelhusch's weaknesses earlier.

#### Conversion terms

The initial conversion terms of the Convertible Cumulative Preference Shares will be 1.10742 fully paid Ordinary Shares for every Convertible Cumulative Preference Share held, equivalent to a conversion price of 90.3p per Ordinary Share. This represents 276.8549 Ordinary Shares for every £100 nominal of Convertible Cumulative Preference Shares held.

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20th December, 1993

# Information could end emerging class



ing rise in emerging stock shown in the chart, the last gasp of a style investing

This question is raised by a piece of futurology from Corne-lia Small, director of equity research at Scudder, the New York fund manager. She argues in a paper rather grandly titled "A Kaleidoscopic View of the 21st Century" that the information revolution will be the dominating theme of the decades ahead.

Stifle thet yawn! The interesting bit of the argument is its application to conventional country-based portfolio construction.

"The revolution is redefining industrial boundaries," ehe says, "and these industrial redefinitions are taking place ecross national borders, frequently despite national bor-

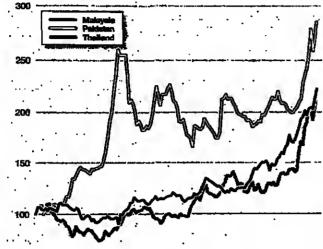
Because an information age country lets free markets work, the role of its government is reduced, weakening one of the strongest sources of country identity. Even nations that linger in the old-fashioned industrial age lose some of their "countryness".

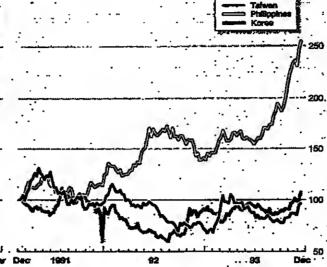
The information revolution undermines a country's ability to pursue independent economic policies, strengthens the relative power of global companies, threatens the comparative advantage of mature countries, and weakens national

As capital becomes mobile, differences between capital markets diminish. "The investment characteristics of these markets will reflect more what's going on in the global market than in the local econ-

tlcular, will divide into two

The second wave of emerging markets IFC indices rebesed





is to any change in trade regu-

though, two investment impli-

cations spring to mind. First, potential growth companies

can be found among businesses

turning themselves from small-

scale domestic producers into

global niche operators (and

among their service suppliers).

Second, overseas exposure, already an important feature of

the top end of most stock mar-

kets, is spreading slowly down

the size range. The habit,

ingrained in many markets, of

thinking of mid-sized compa-

nies as purely domestic plays may have to change.

One of the big stories of the next year will be the extent to

which restructuring pays off

for big German companies.

Last week saw Daimler-Benz's

renegotiation of labour costs at

its Rastatt plant and Metallge-

sellschaft's hiring of a

Leaner, meaner

lations.

leap to advanced industrialisation, and those that stay as emergers, never quite making the breakthrough.

The first category are the ones that possess investment interest, but they will no longer constitute a separate asset class. Instead, investors will have to focus, as in mature economies, on those emergingmarket companies that are best placed to compete glob-

For the same reason, she says, indexing will no longer be an attractive strategy, nor will investment styles based on timing the domestic business cycle, which will be swamped by the structural transition in the global economy. Do we believe her?

You do not have to buy the whole vision to notice a pecu-liar fact about the charts at the top of the page. The markets which contain the global companies of the future - South Korea and Talwan - have gone precisely nowhere over the

past three years. The markets which have the biggest per-centage rises, including Pakistan, the Philippines, Malaysia, Thailand, are those where foreign investors have bought the

country story. Moral: economies where the Small effect is starting to work and companies are joining the global market require more careful stock-picking. Countrybased investing is not dead. though, in economies which are still a step or two behind.

Perhaps Gatt, which strengthens the integration of the global market, and places greater exporting power in the hands of aggressive developing-country companies, will intensify the Small effect. It will not triumph, though, as long as investors treat a company's nationality as its most important characteristic. They will persist in that approach while it offers returns like the ones shown in the left-hand

#### Export or die

Gatt will strengthen the hands of mid-sized companies everywhere, argues Morgan Stan-ley's David Roche. They will no longer need the army of lawyers and the government backing previously necessary to do business overseas. And their interests will be better protected by the general strengthening of commercial disciplines, most noticeable in such areas as intellectual prop-

In fact, the opening up of overseas markets to mid-sized companies is one of the unnoticed trends of the past decade. Arguably, it is due as much to the growth of support services and new technology - fax machines, cross-border toll-free telephone lines, pan-continen-tal advertising, English as a lingua franca, easy availability of currency hedging, the growth of third-party logistics suppliers such as couriers and maintenance companies - as it

renowned cost-cutter as its

replacement boss. There is a lot of scope for squeezing. A study of big German companies by Smith New Court, the London investment bank, points out that average labour costs per Daimler-Benz employee, for example, rose from DM 64,000 to DM 83,600 (£33,000) between 1987 and 1992, a compound annual rate

of 5.5 per cent. This was partly due to acquisitions, but it is still a fearful figure, especially as the Ger-man labour force works the shortest hours in Europe.

The recent performance of the Dax, which is still hovering around its all-time high, suggests that investors believe the restructuring is well advanced, and profits are moving back towards their 1989 peaks. Experience in the US and Britain suggests that this phenomenon is likely to be more patchy, and more delayed, than investors

#### Reforming Italy Italy's parliament should finish

approving the 1994 budget this week, an essential element in the reform process which has taken the task of economic adjustment out of the hands of the old political establish-

The more unsettling thought is that approval of the budget paves the way for elections due by March. The elections themselves are part of Italy's shift, as Mr Franco Bernabe, newly appointed chairman of Eni, the state energy company, put it last week, from a Ptolemaio world to a Copernican one. He meant, I think, that the

intellectual revolution the country is undergoing is as great as that which accompanled the discovery that the earth went round the sun. In the long run, such revolu

tions are healthy. In the short run, they may prove alarming. Still, Mr Bernabe, an econo-

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moderate, committed to free trade and the free market." and that the demolition of pay indexation has broken the

rage price spiral. He has one other spiringlic thought Though half's equity market remains underdeveloped, there has been a switch by savers out of back deposit. accounts and into governs bonds over the past 15 years.

For a farmer in Tascany or shopkeeper in Naples to buy

thought that public opinion is a cated financial decision," he says. Now that interest rates, are falling, these investors will become a ready market for equities in privatised companies. Too ready, if anything There could be a recurrence of the 1987 phenemenon, when retail investors made a small portfolio shift towards equities and flooded the market with money, driving up prices to tainable levels.

. Let us face that problem

This announcement appears as a matter of record only



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# Delayed effects of Japan's demographic time-bomb



establishment is starting to see sense. Over the past year, economy

ing steadily under a mountain of propertyrelated bad debts. But Japan's stifling consensus has stuck to the line that direct public action to bail-out the troubled banks was not an option, while the the banks' own under capitalised loan-buying agency has removed only a small portion of non-performing loans from their balance sheets.

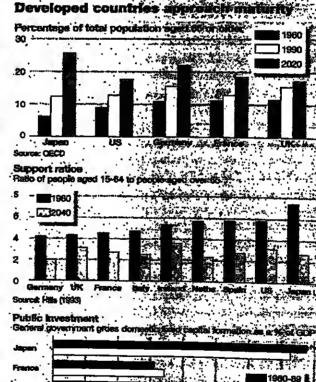
In recent weeks, this consen sus has started to shift. Late last year, Keldanren officials appeared strongly opposed to any injection of public funds to re-capitalise the banks. But last week, Mr Gaishi Hiraiwa, chairman of the Keidanren, the leading business federation, called for public funds be used to buy land to stimulate the property market and allow the banks to sell the collateral on non-performing loans.

It is easy to see why increas-ingly worried business leaders are looking for new solutions. For Jepan's deepening reces sion is taking on more of the characteristics of e credit-constrained crunch. Large companies, who over-invested in the late 1980s, have less reason to be worried by the banks' caution. But the Bank of Jepan's Tankan survey of business opinion does show that companies find it harder to borrow than usual while the broad measure of the money supply is still barely growing.

Meanwhile the OECD's

annual report on the Japanese economy, which does not usually stray too far from the Ministry of Finance view of the world, acknowledged that small- and medium-sized businesses were experiencing difficulties in obtaining new finance from the troubled, while mysteriously noting that "so far, there has been no direct injection of public funds into the banking sector." But direct purchases of land

by the state would not be the OECD's preferred approach cheap Bank of Japan loans to the loan-buying agency would achieve the same result without artificially boosting land



Yet there is another reason why direct support for the financial sector is back on the agenda. For, while interest rate-cuts have had little perceptible effect on activity, the Japanese Ministry of Finance has come to the conclusion that they have gone as far as it dare with fiscal expansion. The coalition government

remains under pressure, both domestically and from the US, to announce a fourth, tax-cutting, package. But the Ministry of Finance is putting its foot

Once again, the OECD report provides a good guide to the likely shape of the Ministry of Finance's case. By digging beneath the surface of the government's complex public accounts, the OECD has discovered that Japan's fiscal condition is not quite as healthy as it may seem.

Digging part of the way seems to suggest that Japan's fiscal position is actually better than the Ministry of Finance likes to admit. Yes, Japan has

a large central government deficit and a high ratio of government debt to gross national

product by international stan-

dards.

But the general government budget, which including the proceeds of social security taxes which are mysteriously excluded from the central goverument budget, reveals a rather small deficit for a recession-locked economy of 1 per cent of GNP this year.

Adding the assets of the social security fund produces a tiny net general government debt ratio of just 4 per cent of

But, says the OECD dig further, First, social security contributions account for only 20 savings, life assurance and government guaranteed bonds.
But these should be counted

as public sector borrowing adding them to the general government account produces public sector borrowing revive the economy.

GNP in 1992. Second, a significant portion of the social security funds are invested - via the off-budget Fiscal Investment Loan Programme - in public sector infrastructure projects as well as private projects. This helps explain Japan's high share of public investment in GNP compared to other European countries.

especially Britain.
But FILP investments in public projects should not be included as net public sector assets. Excluding them raises the net public sector debt ratio to 24 per cent of GNP, still lower than the OECD average of 35 per cent.

But it is Japanese demographics which transform what still seems a rather healthy picture. Japan has a relatively young population which is ageing fast, the direct opposite of Britain, as the chart shows. The result is that a dwind ling band of Japanese tax-pay ers will have to support an increasingly old population. By 2040, only Germany among the large developed countries will have a lower ratio of workingage to retired people. The UK by contrast, shifts from having

one of the lowest to the highest support ratio. It is these demographic rends which enabled London School of Economics professor John Hills to argue convincingly, in his recent Joseph Rowntree Foundation report, that that the current level of British welfare spending is not threatened by the fabled demographic time bomb. He estimates that even if UK pensions are linked to earning, rather than prices as at present, UK spending would rise by only 5 percentage points of GDP over

the next 40 years. For Japan, the opposite conclusion applies. Japan currently has a lower share of public spending hi GNP than the UK - a little over 30 per cent compared to 45 per cent in Britain But, according to preper cent of the proceeds into Japan to maintain current ben-the social security fund - the efft provision will mean a 30 bulk comes from post office per cent rise in the ratio non-interest spending to GNP. No wonder the Ministry of Finance is nervous about more fiscal activism, and perhaps also increasingly willing to consider other options to

The state of the s



increase posted by the top 725

companies in the six months to

the end of September.
India offers foreign fund

managers a more congenial

environment than some other

developing countries, although

lax regulation has permitted

unscrupulous brokers to take

advantage of unwary clients,

and price manipulation is hard

to control in e market in which

about 80 par cent of transac-

tions are completed in an

untransparent forward market

these shortcomings very

aggressively. Indeed, the bro-

kers' strike was triggered by a

SEBI move to liquidate posi-

India also suffers from some

important hendlcaps in the

race for international invest-

tions in the badla market.

But SEBI is now teckling

#### EMERGING MARKETS: This Week

The Emerging Investor / Stefan Wagstyl

# Striking not celebrating in Bombay

Instead of celebrating the longest stock market rally in 18 months, Bombay stockbro- has risen from only \$3m (£2m) in March and \$20m in June to more than \$300m in the past kers went on strike from Tuesday of last week.

A Charles and the second

They declined to carry out a single order, and stayed away from their nawly-renovated

The brokers' action followed a six week prica surge in which the Bouhay Stock Exchange's leading index soared by nearly 30 per cent, largely due to a rapid increase in foreign portfolio investment.
Foreign fund managers wanted
to buy more stock this week; but they were left cooling their heels while the brokers pursued a long-running dispute with the Securities and Exchange Board of India (SEBI), the market's watchdog. The strike could be settled in

a day or two.

Neverthelesa, it will be remembered as e sign of the practical difficulties of invest-

ing in emerging markets.

Even in India, where the capital markets are better established than in most other devaloping countries, atock market practice is different from that in the industrialised world. The modernisation of India'a financial markets, an integral part of the government's economic reforms, still has some way to go.

1, 1241

However, the events of the last week are unlikely to stem the tide of international interest in Indian markets.

Foreign financial investment

seven weeks, helping prices to stage their biggest rally since the Rs40bn (\$1.27bn) securities scandal erupted 18 months ago and sent investors running. Foreign fund managers began studying India seriously after tha authoritias lifted a long-standing ban on foreign stock market investment late last year. About 115 institutions have now been authorised, including companies based in the US, the UK, Swit-

zerland and Hong Kong. As well as investing money from existing funds, managers have launched five Indian country funds. The largest is e \$150m offering from For-eign & Colonial, the British investment house.

Foreign investors have also been buying Indian equity and bond offerings on the international markets. Twelve Indian companies have raised \$1.15bn since the government permit-ted them to tap the Euromarkets in early 1992, and 30 other groups plan to raise up to a further \$3bn in the next year. The issues have been so popular that one recent offering - a \$75m convertible bond issue from Gujarat Ambuja Cement, a leading cement maker – ettracted bids worth \$1bn.

Even after the recent flood of money, foreigners own only about 1 per cent of the Indian market, which has a total capi-

Stock	Country	Friday close	Wask so wesk \$	change %
China Trust	Taiwan	2.16	0.63	41.09
China Airlines	Talwan	2.67	0.67	33.83
Eczacibasi Yatirim	Turkey	0.63	0.18	33.09
Int. Commercial Bank	Tahwan	2.54	0.56	28.44
United Microelectronics	Talwan	3.01	0.66	28.06
int, Bills Finance	Talwan	2.03	0.44	27.83
Tatung	Talwan	2.07	0.44	27.21
Tikwi Kimla	Indonesia	2.26	0.47	26.04
Med. Business Bank of Hair	ChuTaiwan	6.27	1.28	25.68
Yung Tay Engineering	Taiwan	5.45	1.09	24.98

Mr Pradip Shah, managing director of Credit Rating Information Services, a Bombaybased research company, says: "For foreign financial institutions, this is a strategic investment. They want to diversify. They already have China and China-related stocks in their portfolios. They have invested in South East Asia and in

looking at India." The Indian aconomy's size appeals to foreign investors, as does the fact that economic reform started only two years ago, so its benefits are still to

South America. Now they are

Liberalisation is taking place against e background of solid, if unspectacolar, economic growth of between 4.5 and 5 per cent a year, due primarily to a succession of good har-vests and a spurt in exports.

After two years of stagna-First, as in most developing tion, industry is seeing the counties, there is the risk of first signs of recovery. Profits instability. Next, reforms are unlikely to are growing, with a 25 per cent

come at a rapid pace. The Indian economy is also growing modestly in comparison with some other developing nations, particularly China.

kers expect prices to fall as speculative iovestments are iquidated. But after that, continued for eign investment could support

further price Increases. Mr Navinder Sahni, manager of the Bombay office of Marlin Partners, a Hong Kong based broker, says: "We can expect a correction, but further gains next year."

Foreign fund managers are becoming increasingly careful about valuing iodividual stocks. At the top, leading blue chlps, including efficiates of multinationals such as Hindu-stan Lever, a part of Unilever, the Anglo-Dutch conglomerate, trade on price-earnings ratios of up to 45. They are highly valued because they are well known and well managed and trading is reasonably liquid.

However, India has about 1,300 other ectively traded stocks out of a total of 7,000 listed companies. Many of these change hands at multiples of below 10. It is here where some foreign fund man-agers hope to find long-term value. As Mr Sahni says: "It's wrong to say that the Bombay market as a whole is overval ued. As foreign investors hecome familiar with india they will redeploy their funds

Mr Nicolas Rohatyn, chairman into the smaller companies." of the Emerging Markets

#### Taiwan

A record amount of foreign buying in the fortnight to last Thursday helped to fuel the bull run which has taken the Taiwan market up 28 per cent since the ruling Nationalist Party's victory in local government elections on November 27.

Net foreign buying totalled T\$10.2bn between December 1 and 16, compared with a total of T\$36bn so far this year and T\$8.2bn in all of 1992, the Taipei exchange

#### ■ Mexico

Foreign investors have ploughed \$8on into Mexican stocks in the year to date, partially as e result of the volume of new offerings this year, the Mexican Securities and Exchange Commission has reported.

#### Brazil

Brazil's National Privatisation Commission has drawn up a list of 36 state-controlled companies that could be privatised in 1994. Thirty two of the companies have been given preliminary sale dates and are expected to raise about

 Morgan Stanley has reduced the weighting of Brazil from 29 per cent to 25 per cent in its Latin American model portfolio and used those funds to increase the level of cash

#### ■ New York

Traders Associatioo, forecast Foreign Exchange Certificates (FECs) would be gradually the world's emerging markets phased out from next year.

#### **■** Bulgaria

News round-up

at the annual meeting that

continuing growth in trading

investors, increased activity

America and greater trading

volumes, participation by more

will be driven in 1994 by

in markets outside Latin

of local instruments and

In an effort to improve its

non-resident shareholders

interim dividends withoot

China's stock investors will

face a 20 per cent tax on their

capital gains next year but details of how the charge will

be applied are still being

out money it issues to

worked out, the Securities

Market Weekly has reported.

Beiling is to start phasing

foreigners from next year as

part of a wide-ranging currency reform that includes

unifying different exchange rates. The Beljing Review said

standing with western donors.

Kenya is abolishing all foreign

**■** Kenya

currency controls.

■ China

One result is that

will be eble to receive

Bulgaria plans to cancel contracts with foreign firms hired to consult on its troubled privatisation programme, accusing them of wrecking the scheme.

Ms Reneta Indjova, head of the privatisation agency, was quoted as saying that foreign consultants had upset negotiations and their insistence on transparency was damaging.

#### Thailand

Thailand's Securities and Exchange Commission is to fine a number of Taiwanese and Thai individuals for acquiring 40 per cent of e hospital group, Vitacor, as e group and without reporting it to the SEC. The SEC said that the group now holds 3,050,400 shares or 40.67 per cent of Vitacor. The shares has been suspended since September 27.

• Further coverage of emerging markets appears daily on the World Stock

#### **CURRENCY MARKETS**

#### Conner Middelmann Bands returning to a tighter tune

Slowly but surely, most currencies in Europe's exchange rate mechanism have crept back into the fluctuation bands they were forced to abandon when the system blew up last August.

With stage two of the Maasif tricht Treaty on European economic and monatary union have been considering a return to narrower bands.

bands may not be immediate, son, international economist at Yamaichi International.

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the Dutch guilder and the D-Mark were widened to 15 per cent on August 2, many mem-ber countries stated their intention to return to the 2.25 per cent bands as soon as pos-

Initially most currencies plunged against the D-Mark. Germany's neighbours were expected to take advantage of the wider bands to slash inter-"A move to 2.25 per cent est rates to kick-start their economies, while Germany but certainly 15 per cent hands in needed to maintain a tight look increasingly unneces, monetary stance to combat sary," said Mr Nigel Richard inflation pressures arising from unification.

When the fluctuation ranges and run approach, however, rate. Meanwhile, the Spanish

YEN (X 100) 1393,73 99,7534 21,7721 5,2807 127,215 61,22,6 2,4485 0,9532 1,3382 10,868 157,991

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for all ERM currencies except many countries preferred to peseta and Portuguese escudo shadow tha Bundesbank, which has steadily lowered interest rates, since the ERM revamp, "There is now a symmatry of policy needs in Europe, where Germany requires lower rates as much

as other members of the ERM,"

Mr Richardson said. Core European and southern currencies moved back within or close to their former bands. The Danish krone is just below its former 2.25 per cent band, tha French and Belgian francs recently re-entered theirs, and inflation pressures arising the Irish punt, recently the atrongest currency in the EMS, Rather than adopt the cut- is trading above its central

are back in their 6 per ceot

However, after getting their fingers burnt Europe's policy makers will think twice about returning to narrow bands. Wide bands offer countries more monetary flexibility and a tighter exchange rate regime would be an easy target for speculators intent on testing the authorities' resolve to defend the bands. Last month, Bundeshank

President Hans Tietmeyer argued against hasty moves towards EMU. Given the present environment and the need for rebuilding the credibility of the system, such a move would ERM stabilises % movement from central DM rate +2 25%

Jun

be premature and counter-pro-

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World (239)	155.47	+3.69	+2.43	+12.20	+8,51	+54.42	+53.
Latin America							
Argentina (19)	101.60	-3.16	-3.03	-2.49	-2.40	+27.34	+36.
Brazil (16)	131.70	+0.73	+0.56	-5.59	-4.07	+63.79	+69.
Chile (12)	138.85	+10.44	+8.13	+10.25	+7.97	+27.56	+24.
Mexico (22)	151, 16	+2.24	+1.51	+17-29	+12.92	+33.44	+26.
Latin America (71	)136.65	+0.65	+0.47	+7.10	+5.39	+36.29	+36
Europe							
Greece (14)	84.51	-0.45	-0.53	+5.81	+7.38	+14.38	+20
Portugal (13)	112.35	-0.38	-0.33	-0.77	-0.68	+28.34	+33
Turkey (22)	152.66	+11.05	+7.80	+22,91	+17.66	+98.79	+183
Europe (49)	110.91	+2.06	+1.89	+8.85	+6.58	+40.79	+58
Asia							
Indonesia (17)	163,57	+8.20	+5.28	+3,50	+2.16	+66.12	+67
Korea (23)	110.86	+2.80	+2.59	+15.54	+16.30	+22.24	+25
Malaysia (21)	232.90	+6.68	+2.95	+24.76	+11.90	+103.67	+80
Phillippines (9)	259.03	+9,83	+3.94	+33,21	+14.71	+136.57	+111
Thailand (20)	242,55	-1.66	-0.68	+16,19	+7.15	+120.30	+98
Taiwan (29)	127.69	+21.11	+19.81	+30,61	+31,81	+51.73	+68
Asia (119)	201.03	+8.12	+4.21	+23.15	+13.01	+88.44	+78

#### To the holders of

#### Central Independent Television plc

#### 6.5 per cent. Convertible Subordinated Bonds due 2008 NOTICE OF RECOMMENDED OFFERS ON BEHALF OF **CARLTON COMMUNICATIONS PIC** FOR CENTRAL INDEPENDENT TELEVISION plo

Notice is hereby given by Central Independent Television pic ("Central") that Hambros Bank Limited ("Hambros") has announced on behalf of Carlton Communications Ptc ("Carlton") that by means of a formal offer document dated and despatched on 10th December, 1993 (the "Offer Document"), Hambros made offers (the "Offers") on behalf of Carlton for:

all the existing unconditionally allotted and issued fully paid ordinary shares of Central and any further Central ordinary shares unconditionally allotted or issued fully paid on or before 31st December, 1993 (or such later date(s) as Cartton may decide) and any Central ordinary shares unconditionally allotted or issued whilst the Offers remein open for acceptance either on the exercise of options granted under Central's share option schemes or on the exercise of conversion rights under the Central convertible bonds ("Central shares"), other than Central shares already

all the issued 6.5 per cent. Convertible Subordinated Bonds of Central due 2008 ("Central convertible bonds"), convertible into Central ordinary shares.

The offer for the Central shares comprises for every 100 Central shares: £850.62 in cash. 114 new Cariton ordinary shares; and 875 new Cariton 5.5p (net) cumulative convertible preference shares ("new Cartion preference shares"), and so in proportion for any other number of Central shares held. The offer for the Central convertible bonds comprises for every £5,000 nominal of Central convertible bonds: £2,424.27 in cash; 325 new Carlton ordinary shares; and 2,494 new Carlton preference shares, and so in proportion for any other nominal amount of Central convertible bonds held.

Accepting Central shareholders and bondholders can elect to receive Carlton loan notes ("loan notes") instead of all or part of the cash element of the Offers on the basis of £1 nominal of loan notes for every £1 cash receivable under the Offers. Fractional entitlements will be disregarded.

Application has been made for the new Carlton ordinary shares and the new Carlton preference shares (but not the loan notes) to be admitted to the Official List of the London Stock Exchange. No application has been made or is intended to be made for the new Carlton ordinary shares, the new Carlton preference shares or the loan notes to be listed or dealt in on any other stock exchange. Accepting Central shareholders and bondholders can, under mix and match elections, elect to vary the

proportions in which they receive cash (or alternatively loan notes), new Cartion ordinary shares and new Cartion preference shares. The maximum amount of cash (or alternetively loan notes) and the maximum numbers of new Cariton ordinary shares and new Cariton preference shares to be issued under the Offers will not be varied as a result of mix and match elections. The ability to satisfy mix and match elections made by accepting Central shareholders or bondholders will depend on other accepting Central shareholders and bondholders making offsetting elections.

The Directors of Central, other than Mr. M.P. Green and Mr. N.N. Walmsley (who are also Directors of Carlton and have not taken part in the deliberations of the Central Board and its decision to recommend the Offers), who have been so advised by Kleinwort Benson Limited ("Kleinwort Benson"), consider the terms of the Offers to be fair and reasonable and have unanimously recommended Central shareholders and bondholders to accept the Offers.

The Offers which have been made by means of the Offer Document are capable of acceptance on and after 10th December, 1993 in accordance with the terms and conditions set out or referred to in the Offer Document and the related Forms of Acceptance. Acceptance of the Offers should be received by no later than 3.00 p.m. on 31st December, 1993 (or such later time(s) and/or date(s) as Carlton may, subject to the City Code on Takeovers and Mergers, decide).

The Offers were, by means of an advertisement published in the Financial Times on Monday 13th December, 1993, extended to all persons to whom the Offer Document may not be despatched who hold, or are entitled to have unconditionally allotted or issued to them, Central shares or Central convertible bonds (whether in definitive bearer form, whether or not held through the Euroclear System or Cedel, or in

The full terms and conditions of the Offers are set out in the Offer Document and in the related Forms of Acceptance, Accepting Central shareholders and bondholders mey only rely upon the Offer Document and Forms of Acceptance for all the terms and conditions of the Offers. Copies of the Offer Document, Forms of Acceptance and the accompanying listing particulars relating to the new Carlton ordinary shares and new Cartion preference shares are available for collection from The Chase Manhattan Bank N.A., Woolgate House, Coleman Street, London EC2P 2HD.

The contents of this edvertisement, which have been prepared by and are the sole responsibility of Central, have been approved by Kleinwort Senson (e member of the Security and Futures Authority) for the purposes of Section 57 of the Financial Services Act 1986.

The Directors of Central accept responsibility for the information contained in this edvertisement and to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts and does not omit enything likely to affect the import of such information. 20th December, 1993

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Benchmark yield curve (%)\* ----

vears 20

#### **NEW YORK**

All eyes will be on the Federal Reserve's policy-making Open Market Committee's regular meeting tomorrow, amid mounting speculation on how long it will be before it starts to tighten monetary policy.

Wall Street does not expect the Fed to tighten at this meeting, and press reports to this effect helped push the yield on the 30-year Treasury issue down to 6.27 per cent on Friday night. Most analysts argue that inflation is not an immediate threat and that economic growth, now likely to reach 4 per cent in the final quarter of this year, could drop back to around 3 per cent in the first quarter of 1994.

That economic picture, and the bond market's narrow trading range of the past few weeks, are unlikely to be changed by the statistics due out this week. Thursday will be the most active, producing November figures for durable goods orders, with Wall Street growth forecasts ranging from 1.5 per cent to 4 per cent.

Benchmark yield curve (%)" 17712/93 --- Month ago ---6.5 ---8.0 ~ 5.0· 4.0 3.5 10 years 20 'All yields are meriest convention. Source: Merill Lynch

> Thursday will also see the University of Michigan's preliminary reading of December consumer sentiment and publication of the minutes of the Open Market Committee's last meeting, on November 16.

Martin Dickson

Some analysts think the Fed may have adopted a "bias towards firming" at the November meeting, or will do so tomorrow, to convince the market that it remains vigilant to the threat of inflation.

#### LONDON Peter Marsh

7:25

6.75

6,25

5.75

5.25

Source: Men# Lynch

in mid-January to help UK

financial services companies

to boost their presence in the

Significant in pushing up

week's news that underlying

year-on-year rise In the retail

mortgage interest payments
- was 2.5 per cent in November

after 2.8 per cent in October.

At this level the figure is the

retail price inflation - the

buying pressure was last

prices index excluding

lowest for 26 years.

4,75

With December so far having proved a golden month for gilts, investors expect tha recent steady buying pressure to abate somewhat over the holiday period.

After a 7 point gain for long-dated gilt prices in the past three weeks, many investors will be wary about extending their gilt purchases until the next spate of UK economic data is published around the middle of next month.

Last week, long-dated gilts moved up by about 11/4 points, with a consequent fall in ylelds, on continuing lack of evidence of inflationary pressures in the UK. Hopes are fairly high that

the weak nature of price pressures throughout the economy will mean Mr Kenneth Clarke, the chancellor, will agree to cut interest rates from 5.5 per cent early in the new year. He could possibly do this

#### FRANKFURT

concludes the year with the issue of a "Silvester" bond central bank will break with as the issue will be a 30-year

The move follows the recent decision to sell a new tranche of the 1986 issua and reflects the Bundesbank's desire to strengthen Finanzplatz Deutschland - Germany as a financial centre - by broadening the range and depth of government securities on offer. Until now investors wanting to buy government bonds of this maturity have

vehicle. It will also give the German at a time when borrowing rapidly. As the Bundesbank made clear last week, it is

# Germany

82

The Bundesbank traditionally a New Year's Eve offering. The tradition this year only insofar bund, the first new issue at this maturity since 1986.

not had a D-Mark investment

government greater flexibility requirements are set to climb intended to make regular use of borrowing at the long-end of the yield curve.

# David Waller

Benchmark yield clave (%) a breather

C 2 years The announcement of the terms will come on December 28 and the auction will take place the day after. According reversed. to Ms Alison Cottrell.

international economist at Midland Global Markets in London, there is no consensus on the likely coupon as yet. Trading in the informal London-based "grey market" ahead of issue sets the yield at 6.39 per cent compared with 5.73 per cent on the 10-year

#### TOKYO

Short-term bond market players may be seen taking profits in small lots this week as hopes of a cut in the official discramt rate this month have gradually receded, and the No.157 10-year benchmark government bond, which has been rallying on the back of a weak stock market since late November, is likely to take

Traders noted a change in sentiment on the Tokyo stock market as the Nikkei average recovered to the 18,000 mark last Friday for the first time in a month. The yen's ascent, which has also been a supporting factor, has also

However, long-term investors still expect further falls in yields since the Japanese economy has yet to show signs of recovery. The outlook on consumption is still gloomy – as household mending, announced today, is likely to indicate. A recovery in consur

confidence is crucial to an

45. 40

Emiko Terazono

Benchmark vield curve (%)

17/12/93 -

economic upturn, since consumption makes up 60 per cent of gross domestic product. However, increasing concerns over job cuts is postponing a rise in spending.

Many institutional investors are still eager to buy on a dip. and will support bond prices in the face of profit-taking. On the money markets, the Bank of Japan is expected to increase liquidity as demand for year end funds will push

up short term interest rates.

#### Capital & Credit / Antonia Sharpe

sales mission in the Far East

# Depfa-Bank goes international

Unlike most German hankers Mr Gerhard Bruckermann is not afraid of publicity. That is perhaps just as well, because he is relying heavily on his public relations skills to turn his bank into one of the prime issuers in the Eurobond

market. The bank in question is Depla-Bank, which is abort for Deutscha Pfandbrief und Hypothekenbank. Although it is Germany's largest mortgage bank, with total group assets of more than DM100bn (\$58.5bn), it was virtually unknown outside Germany until a few months ago.

While it was state-owned. Depfa's management was not particularly bothered by the bank's low international profila because it could fund itself quite happily in the domestic market by issuing Pfandbriefe, bonds secured by mortgages or public-sector loans.

However, since it was privatised in 1991, the bank has sought to improve its earnings by reducing its dependence on Germany for its loans business (the bulk of which is to the

public sector) and for its funding, Indeed, the economic recession in Germany has increased Depfa's need to find new markets within the European Union.

As Depfa's management board member responsible for treasury fund management and for public sector loans, Mr Bruckermann has spearheaded the bank's expansion abroad. Given his extensive experience in the international capital markets (before joining Depfa in 1991 he was head of fixedincoma and equity syndicate at Deutsche Bank), he was the

obvious choice, Over the past year, the 46-year-old, who is fluent In English and French, has spent much of his time on aircraft. He has been on a whistle-stop tour of east Asia, meeting institutional investors from Singapore to Beijing, and made countless presentations in Europe to salesforces at US. Swiss and French banks,

So far, his efforts appear to have paid off. In spite of the bank's lack of a credit rating, Denfa has raised the equiva-



Gerhard Bruckermann; has spearheaded expansion abroad

lent of around \$3bn in the Europond market, mainly through high-profile, inaugural deals which have come at virtually the same yield spreads as established borrowers with triple-A ratings.

Next year, Depfa plans to raise as much as half of its DM25bn horrowing programme in the Eurobond market, which would make it one of the mar-

ket's biggest issuers. The bulk of the borrowing is likely to be through its \$5bn multicurrency, medium-term note programme, which has been arranged by Morgan Stanlay Banqua Nationale de Paris.
Depfa has scored a signifi-

cant victory by coming to the market without having a credit rating a feat which has not gone unnoticed by the international ratings agencies. "Wa are trying to delay the rating process because of the low profitability of the bank relative to its assets," Mr Brucker-

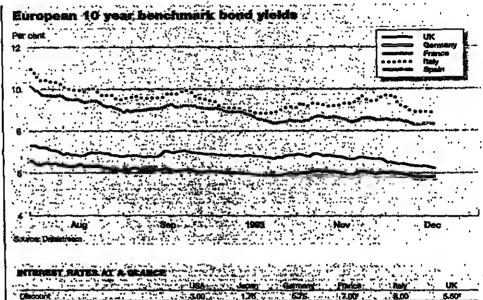
mann says. Depfa has made no secret of its desire to secure a triple-A rating, but some credit analysts believe that the bank's strategy of geographical diver-sification might bave jeopardised its chances.

One analyst points out thet Standard & Poor's has revised its long-term rating outlook on Credit Local, the triple-A rated French bank, to negative from stable to reflect concern that the bank'e diversification might raise its risk profile.

The fact that Denfa's Euro bonds are subordinated to the large amount of secured bonds on Depfa's balance sheet could also prompt the ratings agency to award a strong double-A rather than a triple-A rating, even though credit analysts say that this distinction is academic given the bank's credit

worthiness.
Nevertheless, some syndicate managers believe that Depla's lack of a rating could hamper its progress in the Eurobond market next year. "If Depla is going to become a frequent issuer, it will be under greater pressure to get an explicit rating," says one syndicate manager,

Having proved that ratings are not a prerequisite for firsttime borrowers In the Eurobond market, Mr Bruckermann would no doubt be extremely co-operative with the ratings agencies if they ever decided to rate Depla. A far greater challenge is convincing Depla's deeply patriotic car-purchasing manager to let him have a Toyota Lexus as his new com-



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#### Notice of Early Redemption

#### 🔧 Nationwide

Nationwide Building Society (the "Issuer") Notice to the holders of £100,000,000 Floating Rate Notes Due 1998 (the "Notes") (Issued by Anglia Building Society)

Notice is hereby given in accordance with Condition S(b) of the Notes that the Issuer has elected to redeem all the outstanding Notes on January 21, 1994 (the "Redemption Date") at par, plus accrued interest, all as more fully provided in the Terms and Conditions applicable to the Notes and the related treated and the related treated and the related treated and the related treated treated and the related treated treate

(the "Recempour and Conditions applicable to the recess as a provided in the Terms and Conditions applicable to the recess due, will be made on or after the Redemption Date against presentation and surrender of the Notes at the specified office of the Principal Paying Agent or, at the option of the holders, at any specified office of any of the Paying Agent as its depoint of the holders, at any specified office of any of the Paying Agent alisted below. Notes should be presented for payment together with all unmakured Coupons relating thereto. Notes and Coupons will become void unless presented for payment within periods of 10 years and 5 years sepacitively from Jamuary 21, 1984 the Relevant Date, as defined in Condition 7 of the Notes. The Chase Menhattan Bank, N.A.

Chase Menhatten Bank Luxembourg, S.A. 5 Rue Plastis L-2338 Luxembourg Grund Woolgate House Coleman Street London EC2P 2HD Banque Bruxelles Lambert S.A. Chase Menhettan Benk 63 Rue du Rhône, 1204 Geneve

FUTURELINK

By: The Chase Manhattan Bank, N.A. London, Principal Paying Agent December 20, 1993



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Notice of Early Redemption

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Nationwide Building Society

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Notice to the holders of

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Floating Rate Notes Due 1996

(the "Notes")

In Justicey 21, 1994.

Payment of principal and interest will be state against our revoler of Notes or Conjune at the specified office of any of the Paying Agonts listed below.

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PAYING AGENTS

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#### International / Tracy Corrigan

#### Brussels bonds could help Ecu sector

ger term.

After a difficult 18 months, the Ecu bond market could be heading for better times, not only because expectations of eventual, if partial, European

reviving.
If Mr Jacques Delors' plans for "Brussels bonds" to help finance Europe's economic recovery are realised, it is likely that a significant portion of the potential Ecusbn of additional funding In the interna-tional capital markets would be raised in the Ecu market. While greater supply is not

always a cause for celebration in bond markets, in this case it is likely to be welcomed rather than feared by traders. Since the Ecu bond market collapsed in June 1992, when

tha Danes rejected the Maas tricht Treaty in their first referendum, tha supply of new issues has been sluggish, causing liquidity to dry up. In the wake of the market's

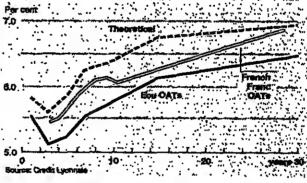
collapse, many banks and securities houses transferred their recently-expanded teams of Ecu bond traders to more lucrative and healthy markets such as the D-Mark bond market, exacerbating the problem. Then, when apreads widened substantially, many Ecu bonds were swapped for floating rate assets, which meant that they were no longer traded.

For both political and pragmatic reasons, issuance by European Union member goveruments has declined. France, for example, has fallen short of its stated target of raising 15 per cent of its long-term debt in Ecu: Mr Jonathan Davies, an economist at UBS, estimates that the proportion of Ecu debt this year is running at about 7 per cent.

In a record year for the Eurobest value, as the potential for bond market, with issuance monetary union has not really been priced into the market, so approaching \$400bb, there have that the investor is "getting a been only 21 Ecu Eurobond issues totalling \$7.17bn, comfree option on monatary pared with more than \$21hn in 1992 and more than \$30bn in While the increased supply in the Ecu market may cause spreads to widen in the short

1992. Nevertheless, following a further sell-off in the Ecu bond market after the widening of the bands of Europe's exchange rate mechanism in August, the spread of 10-year Ecu bond yields relative to

ers like Spain, Portugal and Sweden, as well as some east Ecu yield curve Per cent



German bonds has tightened from more than 80 basis points to less than 40 basis points. In the ebort term, dealars say this spread is starting to look rather expensive.

"Wa are seeing some intere In unloading Ecu [bonds] for Denmark, France and Bel-gium," says Mr John Hall, an economist at Swiss Bank Covporation. "Our strategy would be to let the spread widen out and then buy it." Mr Steve Major, head of bond research at Crédit Lyonnais in

Paris, says that 30-year Ecu

bonds may currently offer the

European countries, are con-sidered likely to tap the mar-kets, issuance by the European Community could provide a vital fillip. Already, the EC is starting to win benchmark status in the

Ecu bond market away from French Ecu OATs, according to This is partly for technical reasons; many French Ecu bonds have high coupons and trade at a premium, which makes them less liquid. In

addition, the EC prices its bonds at a spread of 10 hasis points below Ecu OATs, which

obvious benchmark. But while there are gaps in the French Ecu bond yield curve, there are even bigger gaps in the EC yield curve. This could change.

makes the EC seem the more

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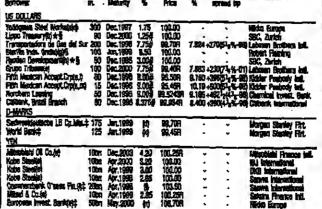
So far, the EC expects to borrow around Ecu4.5bn next year, based on projects which 1. have already been approved, an official said, but that number is likely to be increased as more projects are approved.

If the EC were to become the channel for Brussels bonds - and it is considered the most likely vehicle, according to sources there - this could increase by a further Ecu8bn. Not all of this would be raised in the Ecu bond market, but the EC does prefer to borrow in Ecu when terms are favourable. "Any time we can combine our financial objectives with the use of Ecu, we will always favour thet as an alternative," the official said.

Although there are still objections to the Delors plan from the UK and German governments, sources at the EC believe that at least some additional borrowing will go ahead.
If this happens, the current constraints on the EC's borrowing - it must raise amounts which exactly match the size of the loans it is

making - are likely to ba lifted. If Brussels bonds were to be channelled through the EC, tha EC would become an issuer of similar atature to the Euro-pean Investment Bank, which raised around Ecul5bn this year, and is likely to have a similar requirement next year.
Again, a reasonable portion of this horrowing is expected to be in Ecu.

#### **NEW INTERNATIONAL BOND ISSUES**



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#### **NEW YORK** Frank McGurty

#### Underlining the difference a day makes

Wall Street's split personality came to the fore only once last week. On Monday, cyclical issues lifted the Dow Jones Industrial Average to a record high for the fourth time in five sessions, while broader indices again sagged under the weight of

slumping technology stocks.

By mid-week, however, the Dow joined the wider measures and the secondary markets in tactical retreat, posting declines of 20 plus points for two days running. The downturn was cold comfort to the naysayers. who have been troubled by the lack of breadth in the market's recent advances, an increasing number of stocks reaching new lows and a dearth of new highs. Confidence was not restored by Thursday's half-hearted rally on the back of

bargain hunting.

The pace of growth in the first months of 1994, after a stronger than expected fourth quarter, may have become a secondary issue for equities. Concern is instead centring on the prospects of an imminent shift in the Federal Reserve's monetary policy, which Mr Robert Barbers, an economist at Lehman Brothers, believes will trigger a 10 to 15 per cent market correction. Many others

share that view. Over the past fortnight, it has become the received wisdom on Wall Street that the Fed will make a pre-emptive strike on inflation hy raising short-term interest rates before any clear signs of inflationary pressure surface.

Against this backdrop, it is hardly surprising that the weekly survey of the American Association of Individual Investors shows bullishness dropping 4 points to 33 per cent, and bearishness up 5 points to 29 per cent.

# Dow Jones Industrial Average

8,710. December 1993 Last week, President Bill Clinton declared it would be a "mistake" for the Fed to change its policy because

3,730 -

there was "no inflation trend in this economy". But his public jaw-boning seemed to do little to quall investors' anxieties, However, an article in Friday's Washington Post may have given

the "pre-emptive strike" scenario

less credence. It quoted senior Fed officials as saying that such expectations were well off the mark. Wall Street responded with relief, posting broad gains in a rally powered heavy trading related to the "tripling witching" expiration of options and futures contracts. What

a difference a day makes. The market will get a better fix on the Fed's thinking on Tuesday, when the Federal Open Market Committee meets in Washington, Minutes of the meeting will not be available for about six weeks, but FOMC watchers will be looking for any hint about the outcome.

Donaldson, Lufkin & Jenrette, the New York brokerage, believes the FOMC will shift its bias toward tightening. But, based on the current data and the recent comments of the Fed governors, the firm expects no early action. Only last Thursday, that view

would have seemed out of step. Today, DL&J appears to reflect the consensus. If so, Wall Street's traditional year-end rally may come to pass after all.

#### LONDON

#### Sales by big stores give fresh focus

The stock market is moving towards Christmas 1993 with its collective eve fixed firmly on the home front. The triumphant conclusion to the Gatt world trade negotiations, and even the refusal of the Bundesbank to budge on German interest rates, were largely ignored by UK investors now in hot pursuil of the next base rate cut.

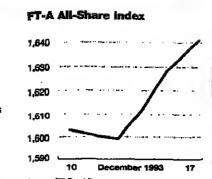
By Friday afternoon, many market analysts were asking themselves whether the stock market had begun to overreach itself. This week, equities will at last return to more normal trading conditions, with the stock index futures markets oo longer exerting the phenomenal pressures which surrounded the expiry of the December contract on the Footsie on Friday morning.

Interest will now turn to the March contract and some specialists were already suggesting selling if the premium holds up at this early stage of its life. Some equity market-makers suffered heavy losses during the run-up to the December expiry and will be only too happy to see share prices lower for a while. However, high levels of retail investment business in equities indicate that the institutions will not let prices fall very far before stepping in to

pick up stock. As for the chances of base rate cnts before Christmas, only the chancellor of the exchequer and the governor of the Bank of England can speak with conviction. Equity strategists would say that the timing is not important when the general consensus is that rates are on the way down. But the trading desks are unwilling to hold too many shares "on the book" over the Christmas boliday, so a sell-off by

market-makers is possible this week

#### Terry Bylands



**EQUITY MARKETS:** This Week

if the pace of advance in the market shows signs of faltering. On present form, the institutions would use this as a chance to buy cheap shares. But the market will be looking

this week, perhaps with some trepidation, for sales progress reports from the blg stores. Store shares have seriously underperformed the market this month and bearsay has it that a leading institutional broking bouse received unpromising reports when it conducted a telephone survey of

Falls of around 4.8 per cent in the share price of Marks and Spencer and 5 per cent in Dixons over a fortnight which saw the Footsie gain 3 per cent look uncomfortable. If the market weakens overall, then stores could be targeted by the sellers.

The delayed trading report from Darty on Friday was eagerly awaited by investors in Kingfisher, it beld the share price fall to about 1.4 per cent, but had few implications for other UK store shares.

The weight of investment money trading in the London market remains very substantial; when Friday's total is disclosed, the week's total retail, or customer volume, can hardly be far short of £8bn. International investment money continues to move towards London. Equity strategists continue to argue that the low inflation and interest rates available in the UK will prove an attraction difficult for fund managers to resist.

#### OTHER MARKETS

Barring unforseen events, a quiet week is in store with the outcome of the Gatt agreement and Russian elections now discounted by markets.

#### MILAN

Milan will be awaiting final parliamentary approval of the budget, due hy Thursday, which is widely expected to trigger a half point cut in the discount rate. The new electoral law becomes effective today, opening the way for elections to be called next year.

The capital increases of Ferruzzi Finanziaria and its industrial subsidiary Montedison start tomorrow. Ferruzzi is looking for a cash injection of L2,480bn while Montedison's capital increase is for

#### **FRANKFURT**

Behringwerke, a subsidiary of Hoechst, gives details today of the results of clinical trials of its drug Deoxyspergualin (DSG) on multiple sclerosis patients.

Shares in Schering, which is about to launch its own MS drug in the US, ahead of a 1995 launch in Europe, fell 5.9 per cent last Wednesday when details of the Behringwerke

conference were announced. However, Mrs Birgit Kulhof at UBS in Zurich believes that the fall was overdone, noting that Behringwerke's drug faced further trials and was unlikely to be ready for the market before 1997.

Daimler-Benz bolds an extraordinary general meeting today to discuss the merger of Daimler with Mercedes Holding.

#### ZURICH

December consumer price inflation is forecast to show a small increase to 2.4 per cent, although UBS expects that rent cuts, productivity gains and weakness of raw material costs will take the trend down towards I per cent by mid-1994.

#### **PARIS**

Industrial production figures for October come today, James Capel expects manufacturing to recover by 0.6 per cent after September's 1.0 per cent fall, implying a rise in overall industrial production of 0.4 per cent after September's 0.3 per cent fall.

#### TOKYO

Further buying in high-technology electronics stocks could push the Nikkei Average up further, although profit-taking is expected to prevent a sharp rise in the Nikkel index above the 18,000 level.

#### RISK AND REWARD

### Grabbing the tiger's tail with HK warrants



Grabbing the tail of the Astan tiger tbat is tbe Hong Kong stock market has been easier for investors since October, when

American Stock Exchange began listing a series of institutionally-issued warrants on its own capitalisation-weighted index of 30 representative com-panies traded on the Hong Kong Stock Exchange.

Designed to track the popular Hang Seng index, the Amex 30 Hong Kong index was cre-ated to give US dollar-oriented investors a highly leveraged means of betting on Hong Kong's rapid equity expansion and diversifying their portfo-

lios into an emerging market. With the Hong Kong stock market up 98 per cent over the last 12 months, as measured by the FT-Actuaries World indicies in local currency terms, its not surprising New York's main investment bouses have been tumbling over themselves to bring Amex-traded Hong Kong warrants to market.

PaineWebber was first, selling 2.6m Hong Kong 30 call warrants and 2.4m put warrants to the public on October 26 and listing them for trading on the Amex. They were followed by a Morgan Stanley Group issue of 6m call warrants on November 2 and a 1m issue of call warrants by Salo-mon on November 5. Bear Stearns issued 1.5m put and 1m call warrants on December 10 and Merrill Lynch rounded out the selection, issuing 1.6m call warrants on the Amex Hong Kong 30 on Friday.

Aside from Hang Seng futures traded in Hong Kong, the Amex warrants are the only exchange-traded derivative product available on Hong Kong equities. While global money managers can access the market through direct investment and structured derivative transactions, smaller investors have had to purchase specialised Asian mutual funds to ride the rally.

The Amex warrants' popular price - almost all of them sold in the \$5 range - have attracted a broad range of investors. They have two or three-year durations, with all expiring well before Hong Kong is due to be handed back to the Chinese in 1997.

At expiration, warrant-holders are paid the cash value represented by the index. They can be actively traded, and do not have to be held to expira-

The PaineWebber calls were issued in October at \$4.75 each, with a strike of 440.09 on the index. The index has since climbed to 531.76, while the value of a PaineWehber call has jumped to about \$6.50. The warrants, like options

are used for portfolio diversification. Call warrants allow an institution to "tilt" its portfolio toward an active market with out the capital required for direct share purchases. Put warrants can be purchased to protect profits from

existing investments. Traders bolding profits from owning Hong Kong stocks will buy the puts as cheap insurance against a market reversal. The alternative - liquidating stock - eliminates potential gains if the rally continues.

With the Hong Kong market overdue for a downside correc-tion, some Wall Street traders believe the timing of new war-rants is a little late for investors to catch the crest of rally,

The fear of a correction in a raging bull market prompted Merrill Lynch to engineer a "reset" clause into the Hong Kong 30 call warrants it priced on Friday. Merrill will allow warrant buyers to "reset" the strike price of the issue in 60 days, shielding them against losses should the index turn down in the interim.

"The reset provision really sets our product out from the other Hong Kong warrants," said Mr Stanton Green, vice-president of equity derivatives for Merrill Lynch. "We included it because it was clear our clients wanted It."

Laurie Morse

# NEDICES.AT & GEARCE

Closing	Sire Sire	a	· · · · · · · · · · · · · · · · · · ·	993
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This notice is issued in compliance with the requirements of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the London Stock Exchange"). It does not constitute an offer or invitation to the public to subscribe for or purchase any securities. This notice has been prepared on the assumption that the Resolutions to be proposed at the Extraordinary General Meeting of shareholders in Multimust PLC ("Multimust") to be held on 10th January 1994 are duly passed and that the acquisition of Cementone-Beaver Limited ("the Acquisition") is duly completed. Application has been made to the London Stock Exchange for the whole of the ordinary share capital and

Exchange. It is expected that such admission will become effective and that dealiogs will commence on 11th January, 1994. **Multitrust PLC** 

#### (Incorporated in England under the Companies Act 1948 to 1981 with Registered No. 1927339) to be renamed Cementone plc

Following completion of the Acquisition, the Enlarged Group will be a group of companies involved in the manufacture of speciality building chemicals, paint and remedial treatments sold mainly to builders' merchants, paint merchants and retailers and contractors specialising in remedial treatments principally in the United Kingdom.

#### **Acquisition of Cementone-Beaver Limited**

#### **Placing**

of 6,286,083 new Ordinary Shares of 25p each at 73p per share

#### **Rights Issue**

of 3,897,361 new Ordinary Shares of 25p each at 73p per share

#### Sponsored by John East & Partners Limited Fully underwritten by Strand Associates Limited

Share capital immediately following completion of the Acquisition, Placing and Rights Issue Issued and fully paid Authorised Amount £5,491,464 Number 21,965,856 £8,000,000 in Ordinary Shares of 25p each

32,000,000 In addition, there are in issue warrants to subscribe for 864,070 Ordinary Shares at 65p per share. Copies of the listing particulars may be obtained during normal business hours on any weekday (Saturday and public holidays excepted) up to and including 31st January, 1994 from: John East & Partners Limited Seymour Pierce Butterfield Limited 24 Chiswell Street Londoo Multitrust PLC 22-24 City Road London

Panther House 38 Mount Pleasant and during normal business hours between 20th and 21st December, 1993, by collection only, from the Company Announcements Office, London Stock Exchange Tower, Capel Court entrance, off Bartholomew Lane, London EC2.

20th December, 1993

#### ROTHMANS INTERNATIONAL N.V.

The nodersigned has received notification from Compagnie ncière Richemont AG (°CFR' under the Dutch Control Notification Act ("Wet melding zeggenschap") to the effect that, as a result of an inte reorganisation of the CFR Group. Rothmans Tobacco (Holdings) Limited of P.O. Box 87, 18 Grenville Street, St. Helier, Jersey, Channel Islands, a subsidiary of CFR, has transferred certain of its share capital and voting interests in Rathmans International N.V. to Rothmans Tobacco (Holdings) SA of II anulevard Prince Heart. L-2014 Luxembourg, which is also a wholly owned subsidiary of CFR. lingly, CFR's aggregate indirec share capital and voting interests in Rothmans International N.V. remain unchanged. The notification letter is open to inspection at the following address where copies can be obtained: Rothmans International N.V.

1083 HJ Amsterdan

Amsterdam, 16 December 1993

#### **Japan Leasing** Cerporation US \$50,000,000 Guaranteed Floating Rate Notes due 1995

Notice is hereby given that, in accordance with the provisions of the above mentioned Floating Rate Notes, the rate of interes for the six months period from mber 20, 1993 to June 20 1994 (182 days) has been fixed at 3.7375% per annum. rest pavable on June 20, 1994 will be US \$9,447.57 in respect of each US \$500,000 Note.



## LONDON

Agent Bank:

Daily Gold Fax - free sample

#### These bonds having been sold, this announcement appears as a matter of record only.



## FF 4,000,000,305

3 per cent. convertible bonds due 2002

#### Domestic offering of FF 3,243,005,185

Lazard Frères et Cie

Banque Nationale de Paris

Crédit Lyonnais

Société Générale Caisse des Dépôts et Consignations Caisse Nationale de Crédit Agricole Banque de Neuflize, Schlumberger, Mallet Crédit du Nord

**Banque Paribas Banque Worms** Banque Indosuez Demachy Worms & Cie Alfabanque Lyonnaise de Banque

#### International offering of FF 756,995,120

Lazard Frères et Cie

**BNP Capital Markets Limited** 

Deutsche Bank France SNC Caisse des Dépôts et Consignations

Generale Bank J.P. Morgan Securities Ltd. Lombard Odier International Underwriters S.A. Merrill Lynch International Limited

Morgan Stanley International **Swiss Bank Corporation** 

**Credit Lyonnais Securities** 

**CS First Boston** Paribas Capital Markets

**UBS Limited** 

Daiwa Europe Limited Indosuez Capital Lazard Brothers & Co., Limited Société Générale

October 1993

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will be available upon request from January 1994. Please direct enquiries to the address below. The Public Relations Dept., The Sumitomo Trust & Backing Co., Ltd. E Relations Dept., The Sufficients Trest & Backing London Branch 155 Bishopspate, London EC2M 3XU Telephona: 071-945-7000 Fax: 071-945-7177/8

Sumitomo Trust

& Banking Co., Ltd. ial Results as of 30th September 1993 ¥49,192 ¥17,785 - 18,698 8,508 16.418.499 15,615,580

33,176,018 33,316,505 35,481,524 Total Assets to Treat Accounts V4.25 per phora VA.25 per stran The Interim Report for 6 months ended 30th September 1993

MITSUI FUDOSAN CO., LTD (MITSUI REAL ESTATE DEVELOPMENT CO., LTD: YEN 30,000,000,000, FLOATING

RATE NOTES DUE 1995 otice is hereby given that for the interest period from 20th December 1993 to 20th June 1994, the rate of interest will be 3% per annum. The interest payable on the 20th June 1994 will be Yen 149,589 per each Yen 10,000,000, Note

The Mitsui Trust and

Banking Co., Ltd.,

RECENT ISSUES

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mmabt 3,610 +103,8502,480 4,1	— Alinz 2,900 + Alinz 1,106 + Alica 1,106	+17 630 390 1.5 -20 1,500 760 0.9 -23 3,080 1,945 0.5 112 830 471 2.5	BrgsnA 137 +3 1 Dynote 125 +3 ElkonFr 64 +3 HaffNA 124 +3	105 35 29 153½ 70½ 0.7 125 80 1.8 64 22 101 108 1.8	Calais 687 Caland 496 Canon 1,490	+120 3,370 2,070 — — — — — — — — — — — — — — — — — —	MbSt 422 MbTrB 1,220 setWhee 1,570	+1 821 360 10 +30 1,560 836 116 +20 1,860 1,100 116	aith: 1,1001,540 830 = micb 349 +46 558 239 = kloo 425 -1 566 348 = kloo 41,2401,4301,050 0.6 \$150 366 \$150 430 +26 30 366 = 764 1,530 +30 1,8301,170 = 764 1,530 +30 1,8301,170 = 764
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Perfect 3.310 -10 3.329 25-15 4.8 Robol 410 -6 435 273 RyBarg 5,870 +40 5,840 4,025 3.5 RyBARY 5,800 3.810 4.1 5,000,66 2,810 +10 2,725 1,895 4.3	BASE 282 + Bayor 423 + Bayor 352 + Bayor 508 - Bayor 578 - Bayor 5	+3 508 384 28 +126801244512 1.8 +9 58940512 2.2 -11 875 835 1.5	NSNgAV 152 +1 Orda 277 +2 RTborA 255 +2	180 67 1.2 260 153 1.4 255 141 1.9 93 07 2.4 93 641 <sub>2</sub> 2.4	Consis 354 Chaba 955 Chyoda 1,100 Chlyfid 597 Chabat 2,900	+00 1,140 685 1.2 +8 630 2808 630 280 1.48 510 310 1.4 +30 1,070 981 0.5 +4 740 480 1.2 +10 3,140 2,2801 1,580 1,1402 2,610 1,1002 2,610 1,100	- MACALOT 809 - MOLMANS 364 - MACOOL 365	+4 954 720 0.8 To -4 583 324 To +3 480 331 To	Ges 508 +8 510 395
SecGnB 2,810 +10 2,725 1,885 4.3 SGnAFV 2,520 -10 2,560 1,900 4.8 Soften 14,800 -20014,875 9,900 4.3	— 8°sdor 844 — 8er8k 528 — Bor8v 238 — — 8HF 8k 518	7-20   500 750   0.9   .	BrgsrA 137 + 31 Dynon 125 + 33 Dynon 125 + 33 Elserif 64 + 34 Harris 124 + 33 Rerer 1 307 b 22 b 21 Leaf H 95 + 11 102 +	227 1821 g 1.5 180 67 1.2 260 163 1.4 255 141 1.9 93 07 2.4 93 641 <sub>2</sub> 2.4 380 183 183 70 0.6 115 60 1.7	Chief 2,370	-1,5801,140 -10,3,140,2,100 -2,6,101,100	Merson 539 Militaa 328 Martin 905	+20 1,900 1,000 — 18 +1 714 385 — 18 +1 714 385 — 18 +0 823 527 — 18 +1 484 527 — 18 +1 484 527 — 18 +1 484 527 — 18 +1 48 527 — 18 +1 583 224 — 18 +3 480 521 — 18 +3 480 521 — 18 +3 480 571 0 — 18 +6 48 305 710 — 18 +13 1,010 685 — 19 +13 1,010 685 — 70 1,202 1,080 0.3 — 39	EPW 3/270 +70 4/480 2/40 — — — — — — — — — — — — — — — — — — —
SG/ARV 2,530 -10 2,566 1,900 4,2 Softna 1,4800 -20014,975 9,900 4,2 Softna 1,565 +10 1,500 1,250 6,0 Softway 14,425 +2314,925 1,075 4,3 Incibi 10,875 +78011,0007,750 4,1 UCB 24,800 -2525,950,20,25 2,3 Uralin 2,435 -30 2,505 1,690 4,9	Burbg 898 +- Colknz 1,530 +- ColknP 1,071	-1 <sub>2</sub> 539 380 28 - 31 <sub>5</sub> 1,025 797 1.3 - +30 1,590 802 0.8 - +21 1,070 425 0.8 -	Schlost 350	380 183 183 70 9.6 115 60 1.7 891 <sub>2</sub> 15 98 56 5.8	CtzWch 849 CemOli 791 Desic 434 Daldos 434	25101,100	- MSRuit 628 - MternB 1,990 - MRytr 846 - Mashrt 870	45 553 254 18 43 480 531 18 44 915 510 18 45 448 305 710 18 46 448 305 710 18 47 13 1010 685 18 48 100 435 18 48 100 435 18 48 100 435 18 48 100 435 18 48 100 435 18 48 100 435 18 48 100 435 18	200
	AGG-89 5711   AG	112 830 671 28	SPAIN (Dec 17 / Pts.)		Detel 1,450	** 630 80  ** 530 80 1.4  ** 510 810 1.4  ** 51210 82 0.5  ** 40 779 987 0.5  ** 40 779 987 0.5  ** 40 779 987 0.5  ** 40 779 987 0.5  ** 40 779 987 0.5  ** 40 779 987 0.5  ** 40 779 987 0.6  ** 40 779 0.6  ** 40 779 0.6  ** 40 779 0.6  ** 51 779 0.6  ** 61	MociPh 2,060 MmedM 515 Mori 5 1,780	-10 2,222 1,380 2.3 - 170 1 1 1 2 3 5 - 170 1 2 5 1 1 2 1 2 1 2 1 2 1 2 1 2 1 2 1 2	1,000
DEMONARK (Dec 17 / Kr)  Amp A 560 600 388 2.7	Dougles 46712 +1 Di Bab 232 +1 Dachtisk 8544 Oktwirk 132	5 <sup>1</sup> 2 46 <sup>9</sup> 3 4 <sup>1</sup> 4 1.5 5 <sup>1</sup> 2 234 <sup>1</sup> 4 40 <sup>1</sup> 4 1 <sup>1</sup> 4 885628 <sup>1</sup> 2 1.0		.4003,560 2.5 .4104,100	Danks 1,850 Ordup 1,480 Dasidn 648 Dankyo 950 Ormanu 530	-17 1,000 825 1,360 960 44 736 465 +11 575 347	NEC 807 NGK In 1,010 NGK Sp 1,030	+40 2,350 1,500 — 1 W +20 3,550 2,180 — 1 O + 420 3,550 2,180 — 1 O + 420 1,230 650 — 1 O + 30 1,158 635 — 1 O + 50 1,158 6375 — 1 O + 50 2,500 218 — 1 O + 50 3,500 218 — 1 O + 50 3,500 218 — 1 O + 50 3,500 218 — 1 O	nitio 800 - 1,030 759
Blube 214 -2 236 197 2.6 CarlA 270 - 296 236 1.1	Dougis 986 - Dryvik 270 Dryddin 4423a	912234-1404-4	SCraft 3,355 td -10 4 SExter 4,030 +5 4 SPorty 15,550 -11017	[1902,805 6.3 [2653,800 5.1 . 7,600 (0.329 2.5 .	DNptnlv 459 DaiNPh 1,050 DaiNPr 1,650 DNp1or 356	+11 575 347 — — -10 1,480 910 — — +00 1,790 1,240 — — -8 547 385 — — +40 2,150 990 — —	MHK Sp 410 - MOK 245 - NOK 820	+10 646 375 To +5 360 218 10 +10 892 600 T9 +5 870 466 1.4 _ Ty	1,040   -20   1,000   1,710   -45,7   1,000   1,710   -45,7   1,000   1,710   -45,7   1,000   1,710   -1,000   1,710   -1,000   1,710   -1,000   1,710   -1,000   1,710   -1,000   1,710   -1,000   1,710   -1,000   1,710   -1,000   1,710   -1,000   1,710   -1,000   1,710   -1,000   1,710   -1,000   1,710   -1,000   -
		9½ 485285½ 1.4 3½ 256 185 1.9 +8 075 520 2.0 -5 210 165 3.2 +4 530 502 1.6 14 401 254 2.2 +5 1.180 859 1.1	BSartid 6,580 +40.7 Bhasto 2,140 +60.3 CEPSA 2,445 +61.5 2 Carakit 3,900 +50.4 Cupts 8,940 +220.9 Prodes 2,215 +25.2 EbroAg 1,520 +10.1 BVAes 2,380 +56.2 Endestr 6,310 ut +10.6 Endestr 6,31	770 4260 4.8 1000 1.713 9.6 760 2.000 4.1	DehvaP 1,270 010kFM 790 DehvaB 1,020	+00 1,780 1,240	NESK 505 NTN TB 528 NchtFu 328 Nobthy 748	+8 635 443 To +3 531 290 To +35 1.100 640 To	yota 521 - 14 592 410
GiNard 594 -14 64525812 2.0	HendZen 1,150m 4 HendZen 1,150m 4 Hendzen 629 Hendz 400	41 1215 785 1.8 44 630 602 1.6 14 401 254 22	Cubris 8,940 +230 9 Drgdas 2,215 +25 2 EbroAg 1,520 +10 1	(500 3.290 3.1 (180 3.560 2.5 (320 1.200 4.1 (545 940 2.2	Dalwati 1,590 DalwaS 1,290 DennJp 3,800	-10 1,310 845 +50 1,510 1,290 - 73. - 1,550 012 0.7 - - 4,700 2,050 0.8 - +3 730 457 1.2 -11 679 368	Nagase 650 Noterd 514 Natities 2,050	+35 1,100 640 10 +35 1,230 870 0.9 Ts +4 668 444 Ta +60 2,300 1,600 U8	1000 338 +11 438 295
GHard S94 -13 64525819 20 SS 6 215 +5 229 162 Jyskell 377 -388 217 2.7 Lrtznis 1.150 -20 1.500 1.650 0.3 RNTAVS 281 +1 276 185 3.8 RNTRIGS 624 -1 652 524 0.8 South Section 1 5003244 0.6	Hochtf 1,050 Frichet 2071 <sub>2</sub> +1 Hizman 805 Hurten 244	45 1.180 859 1.1 — 7% 297% 229% 3.0 — +9 1.096 780 1.3 — -4 250 140 2.0 — 5½ 324% 227 3.2 —	Byles 2.390 +56 2 Ends8r 6,310 d +10 5 Fecsa 680 +5	3201200 4.1 545 940 2.2 5001285 3.3 6203675 2.1 685 630 895 510 17.8	DownfM 565 Downfin 473 Ebara 1,340	1,5500120.7	Nichii 1,490 Nichire 734 NitroCon 682	+50 2,300 1,600 UB +50 1,740 1,130 UB -1 903 645 We -28 950 605 We -13 657 364 0.8 Ym	gerri 340 — 901 221 — — — — — — — — — — — — — — — — —
Southern 601 -4 522 400 0.7	Ind Wk 3881> +1	512 32412 227 32 -	Dentr 989 +21	,600 1,900 3.8 , 969 640 — ,	Fanuc 3.750	-20 4,440 2,950 +14 759 448 0.9	Migat 427	+9 595 377 Ym	mSec 668 +8 931 487 1.1
Sophel 498 +4 521 385 0.7 Supris 370 -5's 410 320 2.4 TopDan 670 -10 1,050 845 1.8 UnionA 790 -3 229 110 5.0	Kallés 152 Kastát 572 2 +11 Kitof 517 2 +5 Kito 102 4	+1 156 95 4	Kolpe 4,680 -5 5, Maptre 6,156 +10 6, Minova 4,765 +50 4, Porty 9,510 -5010 Repeal 4,185 +50 4, SMACE 125 -4	,0303,800 3.0 . ,5363,410 2.0 . ,7802,740 2.1 . ,0006,400 1.8 .	Fulfi 470 Fulfi 2530	+40 2,598 1,850 588 390 +20 2,900 2,170	HRANG 895 Hrand 7.300	1,080_660 Ya 10,980_6,000 Ym	nikog 7.380 1.8901,180 nikog 885 -6 1.510 798 niran 1.150 1.280 865 nirah 2,230 +10 2,3801,670 0.5
FINLAND (Dec 17 / Mira)	Lakmyr 795 Leith 750 Linde 687 +	835 342 1.8 - 820 355 1.8 - 12 8006915 1.7 -	Rensol 4.185 +50 4. SMACE 125 ~4 Santo 390 -9 Serv El 655 ~6 Tabaca 3,750 4. 1elein 1,010 +5 1.	330 2,605 2.5 . 180 34 539 296 12.8 . 670 381 6.6 .	Fully 283 Fullsp 392 Fullsu 790		NpOnto 320 NpOnto 1,700 MpDnso 1,700	+60 1,830 1,400 Yes	11721 1,150 200 200 200 200 200 200 200 200 200 2
Amer A 99½ +2½ 132 85 2.0 Cutor 135 -2 150 81 1.3 Enso R 39 - 44¼ 10¾ 1.1 Huhti 171 - 210 166 1.9	Kollass   Koll		TabacA 3,750 4, Telein 1,010 +5 1, Tudor 870 +35 Un Fen 560 +13	.4603,360 5.8 . 8351,135 3.4	Falls 1,970 Falls 470 Falls 2520 Falls 2520 Falls 2520 Falls 2521 Falls 2521 Falls 2502 Falls 362 Falls 362 Falls 360 Falls 360 Falls 360 Falls 360 Galden 350	-1 422 236	Ride3   1.00   Ride3   1.00   Ride3   Ride4   7.300   Ride6	+15 1.180 701 Yes	offs 740 +5 1,050 640 owel 824 1,020 684 owek 980 +15 1,220 016
NOP 12 -Je 10 0	Lufu'i 162'2 -1 MAN 382'2'2'd +6 MAN Pf 316'2'd +6 Marnethy 820 +	-44 178 97	UNITEM 2.450 + 100 J.	.8302.135 7.4 .	Galden 822 Grisek 1,170 Grisek 438	+40 2.4+01.830	Notice 1,920	+5 933 540 Yo +10 806 485 Yo +10 1,760 1,883 Q.9 _ Yu	hasitb 565 701 001
Keeko 43 + +1 44 44 233 2 3.0 Kome 9 566 +3 591 432 1.8 Kyman 199 +1 772 53 1.8 Metras 158 -3 205 115 1.1	- Mirodes 708 - Metall 30914 +10 - MinorReg 3.865 - PWA 20312 +3 - PhiComm 505	014 435 285 2.6 10 4 100 2.565 0 3	(krali) 1,180 +40 1, Valinen 2,715 +30 2, Vlacin 2,250 −10 2,	7701.053 1.0 345 901 1.3	GrCrse 1,020 GunEIC 478 Gunze 620	-30 1,440 800	No Dal 688 No Pat 640 NoPapr 510	+6 933 540	MS 489 +4 732 425
Form	— Philomm 505 Porsch 748 — Prissa 4101 <sub>2</sub> -1	-167114 495 39 - -2 868 425 0.3 - 12 45433014 2.4 - 212 505 384 2.5 -	SWEDEK (Dec 17 / Kroner	1)	Hankyu 594 HrishER 469 Haseko 680	+12 739 497 +9 605 392 +4 870 522	NpRead 1,130 NpSeso 474 NpSeso 1,130	-1 643 378 AU -10 1,500 996 0.7	STBALIA (Dec 17 / Aust5) lovi 4.70 - 10 4.90 3.45 1.7 -
Notice 2/8 +6 344 624 0.7 Ostone 52 -4 66 4212 Politi 51 12 110 40 1.2 Politi 60 96 33 1.2	RWE 4883 +2 RWE P1 3851231 RhenE 1,376 + RhanB 314 -1	42 868 425 0.3	ADA A 402 +1 AGA 6 393 -1 Asea A 554 +4 AstraA 185 +2 AstraB 181 +3	450 310 22 450 310 23 565 348 1.6 565 340 1.5	Hazama 420 Helwill 728 HipoMt 725	-6 1,450 897	NpSterp 979 NpSterp 1,490 NpStery 1,490 NpSceri 1,360	+10 656 412 Ab 1.120 800 Am -10 1.630 1.200 An +40 1.780 1.200 An +7 625 320 As	loy 4.70 -10 4.90 3.45 1.7 - xor 94 - 104 742 3.4 34.1 york 54 4-6 64 34 0.5 - tty 114 + 124 64 2.6 43.2
Stckm6 213 -2 235 130 23	- Hammy 230 - Renth 264 +7 - Schlub 361 - Schlub 361 - Schlub 746/4 +5	-1 255 170 41 12 297 201 2.7 28 1,17067514 1.3	Asea A 555 +3 Asea B 554 +4 AstraA 185 +2 AstraB 181 +3 AstraB 420 +2	18312415	HinoMt 725 HinoMt 725 Hinose 6,120 Bank H 666 Hitch 835	-2 890 670 -10 6 199 3,680 -6 790 580 938 670	NpRoad 1,130 NpRoad 1,130 NpSnso 474 NpSnso 1,130 NpSnso 1,130 NpSnso 1,130 NpSnso 1,490 NpSnso 1,490 NpSnso 1,350 NpSns 350 NpSns 350 NpSns 350 NpSns 350 NpSns 350 NpSns 350 NpSns 350 NpSns 350 NpSns 350 NpSns 350	-6 420 276 AN	207 94 - 104 72 0.5 - 104 12 0.
	Spanns 746-4 +0 Spanns 820	28 1,17067514 1.3 -6 395 287 2.2 -74 751 568 1.7 -700 495 1.8 -5 536 395 1.5	AllasC 418 +6 Erbs 275 -2 :	427 290 1.9 . 313 193 2.3 . 471 172 1.1 .	HtCabl 768 HtCred 2,000 HtKold 880	+38 078 549 +30 2,200 1,210 +10 990 790	NpTV:Nw 20,100 - NIT 789,000+25 NpVidn 410 NoVidn 568	40021.50012800 0.5 AN 1000100000000000 BH -10 648 345 BN +16 671 446 Bo	its 114, 123, 612, 26, 42, 41, 41, 41, 41, 41, 41, 41, 41, 41, 41
FRANCE (Dec 17 / Frs.)  AGE 719 +5 735 486 2.5	Thysen 25714 +	700 495 1.8 -5 536 395 1.5 14 2661982 2.3 -6 33712 255 3.2 15 49812 359 2.4	EsteA 102 Este6 102 +1 Gmbroß 370 +5 H846 8 243 -2 HbvtsA 43 -1	110 83 2.5 115 82 2.6 395 310 1.2 257 135 1.6	Fuel	-16 1,170 729 ::: = +5 714 389 ::: =	Billing   1.100	1,360 800 0.9 Brz	ugCD 0.64 +.01 0.80 0.38
AGF 719 +5 735 488 2.5 Accor 575 — 736 589 2.5 Artilg 642 +11 846 882 2.5 Act 165	VEW 322 VerWest 388 VerWest 388 VerWest 348 VerWest	-2 403 200 1.5 -2 403 200 1.5 -3 48812 314 1.9		51 25 28 .	Hoker 2,760 Hokrak 506 Hokrak 704 Hokrak 2,970	+4 646 441 -40 3,3402,140 +6 735 423 -9 819 699 -40 3,1502,260	Naskii 740 Naskii 1,280 Naturi 1,140	1.380 800 0.9 br. 1.380 800 0.9 br. 1.380 800 8.0 br. 1.380 1.00 8.0 8.0 8.0 8.0 8.0 8.0 8.0 8.0 8.0	400 0.66 0.80 0.44 3.0 eri 1.04 +.03 1.09 0.67 8.7 sph 4.58 4.85 3.55 3.42 1.4 8 4.52 4.92 3.82 4.9 18.1 A 175 +4 184 125 8.4
BSM 902 +7 1,010 823 24	— VW 42044 +2 — VW PI 348 + — WeltaP 8401 +9 — ZnFpap 23212 +2	14 426 4 241 0.5	Incred 249 +3 Incred 247 +5 InvestB 150 +2 InvestB 150 +1 Mode 8 257 -3 NoberB 2712 +12 2 NoberB 27 -12	255 162 2.4 257 762 2.4 161 105 3.5 162 103 3.5 162 103 2.7 282 176 2.7 28 1212 236 125 2.6 238 125 2.6 238 125 2.6 238 125 2.8	- House 2,970 - HondaM 1,520 - HostaP 565	+10 5/5 396		+1 1,110 760 = - 0	174
Series 200 479 3972/34 200 500 392 27 500 392 27 500 392 27 500 392 27 500 392 393 31 500 392 392 392 392 392 392 392 392 392 392	- MALY (Dec 17 / Lire)		NobelA 2712 +12 2 NobelB 27 -12 PharmA 135 -3 1 PharmB 135 -3	236 125 28	Haefd 2,500 HoyaCo 1,850 Hil 420 HaraC 569 RegTs 770	+70 1,990 1,480	Nahid 838 Nahid 838 Nahid 3,000 Nasuko 825	-3 1,220 772 CO	00x 2,80 2,73 2,02 27 30HH 2,95 -05 3,20 1,95 2,7 — Amet 10½ +½ 10¼ 5¼ 1,7 — 105M 5¼ +5% 4½ 3,8 105M 5½ + 5% 4½ 3,8 105M 5½ + 5% 4,5 105M 5½ 4,0 — 105M 5½ 4,0 —
Canal+ 1.104 +12 1.399 1.008 3.4 CapGen 16514 -14 222 138 6.4	- 8 Comm 3,044 +	44 6,7353,910 4.0 —	SCA 8 131 -1 SKEA 127 -2	14610912 2.4 .	- lineralC 569 - linegTs 770 - linest 1,960 - line8k 2,920 - line8k 2,75	1,180 677 — — 160 1,280 760 — — 120 3,560 2,220 — — 13 420 219	Nasako 825 Natako 825 Nataba 1,290 Nataba 719 Delikw 736	+20 2,250 1,410 0.8 Em	edr 1.05 1.46 0.75 2.4 mMag 0.43 0.72 0.33 al 6 514 3 3.9 25.0 mMs 1.44 1.80 1.10 2.8
CHOUR 6,110 499 4,1/92,230 1.0	— BNazAg 3,905 — — 8 Ruma 1,841 + — BncLar 4,750 — — Bastog 73	95 5,235 3,250 5.7	Sn.tvkA 116 +2	135 6613 3.3 134 73 =	- ketan 1,550 - khihS 304 - kuzuM 324	2,500 1,480	DdEHW 736 OnbayG 531 OPPap 927 Dd E 407	+16 852 658 FAL +12 737 475 Feb	76 1.44 1.80 1.10 2.8
Deares 578 419 700 550 3,9	Burgo 6,450	0025,800 (1980 1.4 40 9,500 4,775 4 95 1,830 970 2.9 4 1,740 1,115 8.7	StoraA 331 41 .	187 65 24 - 175 76 09 -	- Rochu 584 - Rofds 680 - Royok 5,500 - IwisuE 455		Dicurret 610 Dicurret 1060	+10 1,110 516 - Gri	the 1.38 +.02 1.90 1.35 5.1 1.38 +.02 1.90 1.11 10.9 Frir 2.5901 2.95 2.08 7.8 12.9 Mais 3.0702 3.22 2.03 4.9 1.00 1.2801 1.44 0.83 2.3
CriscF 480% +1 487 320 CriscF 871 -4 734 526 8.5	— Crispat 1,493 — Canotar 1,599 + — Crispat 1,2991; +46 — Crispat 2,228 — Contest 10,700 -5	18 1,820 1,256	StoraB 391 3 - StellanG 108 -1 SynkoA 128 +1	407 248 1.7 - 121 234 4.5 - 160 100 2.3 -		+11 792 453	Diverpor 1,060 Divers 1,480 Diversit 532 Diversit 5,230	+10 1,310 895 GM -10 1,670 964 Go +17 694 459 Hrd +80 6,150 4,660 0.3 Hrg 1,320 1,000 1.8 Hrg	mart 1.66 1.76 1.40 Se
Dontart 4,990 -60 5,300 5,212 0.8 Doctor 732 -9 748 380 Dottor 348 -5 362 240 1.7 EBF 730 425 775 590 3.5 EauxGn 2,772 +56 2,082 2,014 2.3	— Careta 10,700 -21	22 3,295 2,130 3.8 — 0011,700 7,375 1.7 — 0035/00030,200 — — 78 4,531 2,598 — —	Treate 501, -2	158 97 2.4 86 32 8.1 535 345 1.5 526 345 1.5	JEOU 556  JUC 1,780  JUC 1,780  JUC 1,780  JUL 811  JOMICH 535	-19 535 270 -4 904 545 0.8 -6 837 385	UND 71 0,239 0 DOWNES 1,060 0 DOWNES 721 0 DOWNES 2490 0 PEREO 649 POSA 2,820 PrimaM 405 Henowy 463 Rich 710 Rober 1 200 Rober	-1,320 1,000 1.8 — /m -23 930 800 — 500 -40 4,300 2,189 0.4 54.1 100	1.50
Doctori 7/32 -9 746 399 100th; 346 -5 362 249 1.7 BBF 730 +25 775 599 3.5 EaseGo 2777 +568 2802 2.014 2.0 EaseGo 469 +5 649 392 2.4 EMAQ4 460 320 4.6 EMSQ4 3011 - 41021914 -1144 883 3.7 EMSQ5 283 +18 909 571 - 1145 883 1.7 EMSQ5 720 -2 754 455 - 1145 883 1.7 EMSQ5 2810 -5 2818 1.75 3.4 EMSQ6 2810 -5 381 1.8 EMSQ6 2810 -5 381 1.8 EMSQ6 381 -5 381 1.8 EMSQ6 2810 -5 381 1.8 EMSQ6 381 381 1.8	Flat 4,396 41  Flat 2,266  Flat 3,865 45  ForSpat 12,899 43  Gernina 1,375 40  Gernina 2,935	46 2.844 1.375 4.4 = 32 4.030 2.730 4.7 = 9915,675 9.630 4.7 =	SWITZERLAND (Dec 17 / F		JpRadi 1,650 JpStw 302 JpStr6 638 JpStr6 435	+20 2,000 1,130 -6 549 261 +24 950 518 -5 708 413 +44 1,320 780 0.8	Penta 649 Plon 2,820 PrimaM 405	+19 S94 410 Len -11 823 540 1.2 _ Llo -30 2,949 1,910	n N 267 + 134 137 26 138 14 257 + 136 260 141 26 150 14
Sector         620         +5         649         302         2.4           EMAgu         416½         +10½         489         320         4.7           ERISGI         3019         +10         144         883         3.7           ERISGI         303         +10         903         5.15         145         5.15           Exeller         203         +10         903         4.55         5.15         160         160         160         160         160         160         160         160         160         174         383         1.3         160         174         383         1.3         160         174         160         174         174         383         1.3         174         174         383         1.3         188         188         1.2         174         383         1.3         188         188         1.2         188         1.2         188         1.2         188         1.2         188         1.2         188         1.2         188         1.2         188         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2         1.2	— GenAss 39,825 +84 — Gldini 2,935 + — Bi Pr 18,170 +3 — Italch 8,090 +11	6041,65029,246 -4 3,440 2,700	Adia8r 158xr +7 18	161 <sub>2</sub> 841 <sub>2</sub>	Jewool 901 Juseu 2,140 KDO 11,800	+40 2,460 1,280 0.9 -	Renown 463 Ricoh 710 Rohm 3,230	-10 2,949 1,910	7 2.52 +06 2.60 1.61 2.6 83.0 1.61 2.6 83.0 1.61 2.6 83.0 1.61 1.65 2.6 83.0 1.61 1.65 2.6 83.0 1.61 1.65 2.6 83.0 1.61 1.65 2.6 83.0 1.61 1.65 2.6 83.0 1.61 1.65 2.6 83.0 1.65 2.6 83.
Er8Cts 720 -2 754 465 Exstr 730 +10 740 381 1.8 Exer 2.610 -5 2.8281,775 3.4 Exerct 2.310 -9 2.330 1.80	Italch 8,090 +11 Italch 10,720 +2 Itgest 4,835 +11 Medbre 14,760 +	85 8,090 4,310 3012,5807,510 2.0 -6 5,490 2,605 2.1	Alul.Br 590 +4 Alul.Br 596 +13 Bel Rg 255 +15 2, BrBvRg 193 +2 1, BrBvRg 193 +2 1,	600 385 2.1 597 377 2.1 680 1,550 1.1	Kagomd 1,280 Kalena 640 KalenPh 1,490 KalenPh 1,490 Kanebo 343	+40 1,510 960 0.6 — +1 956 695 — -10 1,890 1,216 — +20 3,200 1,818 — +7 467 312 — +15 732 498 1.3 —	Ryobi 472 Satura 1,500 Sanden 501	620 1,790 1,410 Miji	orst 612 + 622 2 1.9 scop 1012 + 12 54 1.0 8.4 bot 51 + 52 22 2.7 dPos 2.60 _ 2.76 1.16 2.1 Pok 3.54 + 04 3.56 2.06 3.1 23.8
Eurisca 535 -7 6594681, 3.0 Eurisca 3412 -5 99 2314 2.0 Front 15776 +276 1581127, 527 Fonday 633 -37 873 580 2.1	- Udadr 14,890 +1: - Medbne 14,760 +: - Monted 858 +: - Direct 2,117 +1:	7515,857 10,801 50 696 582 06 2,119 1,170	BrBvRg 193 CS Br 3,570 +35 3, Cibally 878 +28 Cabally 844 +12	050 688 199 136 6951,860 2.1 885 672 1.9 849 581 1.7 9802,080 2.7	Kaneto 343 Kaneta 650 Kmotsu 441	-2 560 357	Santo 2,490 Santo 1,490 Sawatk 2,160	+90 3,080 2,770 0.4 — Pac -10 2,570 912 — — Pan +00 2,480 1,450 — — Pan	Tank 55 + 59 23 27 - 60 60 8 260 - 276 1.18 2.1 - 60 60 8 1.50 4.04 3.56 2.06 3.1 23.8 200 1.51 + 60 1.51 0.88 - 60 1.51 0.88 - 60 1.51 0.58 1.50 0.55 1.50
Foncty 833 -37 873 590 2.1 FrmBel 5,000 -5,350 3,325 0.8 GTMEnt 494 +16 64430716 2.1 Galtar 1,925 -40 2,050 1,470 0.8	PtrSpa 2,144 +-	35 3.976 2.565 34 2.260 1.076 5030,880 19,600 1.1	Cabang 844 +12   Ekster 3,500 +15 3; Ekster 2,020 -10 2)	849 581 1.7 9802,080 2.7 0401,500 060 819 3.8	Kaneta 550 Kaneta 441 Ksp#2 2,950 KsaiPn 432 Kso 1,210 Kanthy 344 Kankso 284 Kankso 312 Keet 539	1,3301,100	Hoyal 1-210 Hyobi 472 Safusan 1,500 Sanden 501 Sanden 2,490 Samio 1,490 Samio 1,490 Samio 1,490 Samio 2,100 Samio 2,100 Samoo 435 Spoor 435 Spoor 8,750 Segalan 8,750 Segalan 3,670	+7 1,100 785 — Plot +2 488 342 — Plat +19 1,120 630 — Plat - 7,330 5,360 0.6 — Pos	5941 5 - 642 44 42  1.51 4.01 1.51 0.56  1.5007 1.57 0.55  1.7007 1.57 0.55  1.7007 1.57 0.55  1.7007 1.57 0.55  1.70  1.70 1.57 0.55  1.70 1.57 0.55 1.0 1.07 1.07 1.07 1.07 1.07 1.07 1.07
Gaumet 780 +7 830 306 1.0 Giptys 535 +24 690 493 2.2 Havas 440 +612 4997 402 2.7 Imptal 562 +5 5753344 2.5 Junofer 1,055 -1 1,189 780 4.1	SASIB9 8,040 +: SP 3,465 -: SIET 4,192 +:	30 6,190 4,590	ENIA 2,020 -10 2) Fisch8 1,040 -10 1) FittoBr 2,350 +10 2, Hitch8 878 -9 1 FittoBr 385 -10	A70 1.675 3.1 890 514 1.4 537 370 2.8 990 535	Kawksn 204 A.wSB 312 NEOEx 050	+23 481 302	SegaEn 8,750 SelbuR 3,670 SelbuR 1,650	-5011,500 7,550 081 -30 4,500 2,100 001 -30 1,980 1,340 0.7 Pre	Fig. 1.73 +.06 1.81 1.05 5.6 -
imetal 962 +5 5753344 2.5 immfr 1,055 -1 1,189 760 4.1 immong 675 -30 1,024 817 6.2	— SaltaA 4,386 +1 — Salgera 3,350 +1 — SPaolo 10,100 -4	56 5 500 3 830	Jeimer 945 +10 ! Jeimen 155 Langeg 755 +60 :	990 535 — - 165 100 755 465 1.8 - 595 485 2.6 - 2631,015 1.9 -	Kelof 539 - Kirkenn 855 - Kinden 1,840 - KinkiN 866	+9 710 401 +15 1,110 780 0.8 -25401,538 0.5	Setyof 1,090 Setyu 1,480 Set/Chm 1,030	-10 1,310 800 Plot -10 1,500 1,880 San -10 1,110 870 Sen	horn 64 + 74 54 6.1 7.8 ton 2.75 + 0.8 4.49 2.60 5.9 8.7 cells 81 - 63 01 4.4 - 65 01 4.5 6 67 02 4.4 - 65 02
GIMERII 494 +\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	Fig.	+9 615 380 6.7 +8 615 380 6.7 16 1,490 675 8033,09021,250 4923,30016,700	OeiBRg 117 +3	263 1,015 1.9 130 67 4 1400 1,150 4.6 100 2,530	_ Kabasa 7,230	+6 374 240 1,030 540	Distance   610	-50115007550 — — — — — — — — — — — — — — — — — —	henn 61, 47, 51, 61, 7.8 and 62, 63, 7.8 and 62, 63, 64, 62, 60, 63, 63, 63, 63, 63, 63, 63, 63, 63, 63
	TosiFr 20,690 +-	3310,200 5,660	PHUB 200	100 2,530	_ Kokuyo 2,340	+40 2,780 2,160 = =	ShikeP 2,740 Shimiz 608	-60 3.220 2.150 Text -27 1.030 715 Wat	284 3.10 3.70 1.63 4.9 lone 77 <sub>6</sub> 81 <sub>9</sub> 51 <sub>2</sub> 3.7
INDICES							US INDI		
Dec Dec 17 10 Argentina		1993	Mexico	17 16	Dec 15 High	1993	Dow Jones	Dec Dec Dec 17 16 15	1993 Sloss compliation High Low High Low
General (29/12/77) (by 18140.8 Australia	18265.5 18468.60 10/12	12167.68 8/3	IPC (Nov 1978) Helherland	(A) 2422.85	2389.86 2433.27 8/1	12 1504.15 25/2	Industrials Home Bonds		784.43 3241.95 <b>3784.43</b> 41.22 13/12; (20/1) (13/12/93) (2/7/32) 111.29 103.48 111.28 54.99
All Ordinaries(1/1/80) 2080.2 2074.8 All Mining(1/1/80) 974.0 968.0		1495.00 13/1 584.70 13/1	CBS TEREIGENEED 83) CBS All Shr (End 83)	420.6 417.1 272.6 270.3	413.1 420.80 8/1 267.8 272.70 6/1		Transport		10/12) (11/1) (10/12/83) (1/10/81)
Austria Credit Aktien(30/12/84) 417.82 418.78 Tested Inter(20/12/84) 1078.87 1884.83		300.25 14/1		2080.55 2099.22	2089.30 2303.59 2/1	1 1495.37 21/1	Unities	227,66 226,07 224,56 2	13/12) (4/1) (13/12/93) (8/7/32) 258.46 217.14 258.46 10.50
Traded Index(2/1/91) 1079.67 1084.03 Belgium BBLZD (1/1/91) 1421.68 1420.96	1079.76 1098.65 13/12 1426.59 1438.42 6/12	712.06 15/1 1125.46 4/1	Norway Calo SE(Ind)(2:1/83) 1 Philippines	1003 86 992.33	960.19 1836.73 18	668.83 <i>277</i> 1	DJ Ind. Day's high : Day's high 3751,57	3758.90 (3756.80 ) Low 3706.5 (3734.53 ) Low 3723.07 (3713.	(31/6) (8/1) (31/6/93) (8/4/32) 10 (3894.29   (Theoretical <del>)</del> ) .56   (Actual)
Brazil	30117.0 97300.00 25/8	714.72 4/1		2862.43 2614.97	2567.83 2862.43 17/	712 1270.58 4/1	Standard and F Composte ;	486.38 483.34 461.84 4	169.80 429.05 469.50 4.40 15/16) (8/1) (15/10/93) (1/6/32)
Cassele	3404,77 3651,97 13/12	2743.31 21/1		2585.9 2583.3	2586.3 2588.00 9/9	1608.20 14/1	industrials 🕊	538.43 535.40 534.04 5	15/10) (8/1) (15/10/93) (1/6/32) 540.25 496.48 549.25 3.62 15/11) (26/4) (10/11/93) (21/6/32)
	4225.60 4307.70 8/12 2033.75 2066.06 13/12	3275.80 21/1 1720.87 21/1	South Atrica	601.82 599.26	597.71 601.62 17/		Financial	44.51 44.10 43.87	45.49 39.59 48.40 8.64 (25/8) (5/1) (25/9/93) (1/10/74)
Chile PGA Gen (31/12/50) (a) 3619.5	3537.7 3619.90 16/12	2012.58 10/5	JSE Ind. (28/9/78) 51	088.0♥ (c) 163.0♥ (c)	2126.0 2153.00 14/ 5176.0 5176.00 15/		NYSE Comp.	t	266.48 236.21 280.48 4.46 15/16) (8/1) (15/10/93) (25/4/42)
Departments CopenhagenSE(3/1/83) 345.37 346.66 Finland	348.91 355.14 4/11	261.90 4/1	South Korea KoreaCmpEx(4/1/80)~ Sosia	874.10 870.72	865.86 874.10 17/	/12 605.93 6/3	Amex Mid Val		184-28 395.84 484.28 29.31 (2/11) (8/1) (2/11/93) (9/12/72)
Fintand HEX General(28/12/90) 1519,7 1520.2	1502.6 1607.70 3/11	843.10 22/1		308.61 <b>307.5</b> 1	306.07 310.28 22/	710 219.50 4/1	NASDAO Cmp		187.42 645.87 787.42 54.87 15/10) (26/4) (15/10/83) (31/10/72)
France	10000			1361.10 1361.5	1361.90 1435.10 4/1	11 875.10 28/1	■ RATIOS		
SBF 250 (31/12/90) 1455.05 1437.01 CAC 40(31/12/87) 2196.44 2160.26	1434.91 1455.05 17/12 2162.63 2231.66 22/10	1114.18 28/1 1772.21 29/1	Switzerland						Dec 3 Nov 26 Year ago
SBF 250 (31/12/90) 1455.05 1437.01 2196.44 2160.26 (Germany FAZ Akilen(31/12/58) 820.20 \$17.14	1434.91 1455.05 17/12 2162.63 2231.86 22/10 814.69 831.89 13/12	1772.21 29/1 598.92 14/1	Switzerland Swiss Bk Ind (31/12/58) 1 SBC General (1/4/87)		1243.28 1250.28 17/ 971.89 983.37 17/		Dow Jones Ind. I	Div. Yield 2.67 Dec 15	2.70 2.71 3.12 Dec 8 Dec 1 Yeer ago
SBF 250 (31/1/2/90) 1455.05 1437.01 CAC 40(31/1/2/87) 2195.44 2160.26 German/4/1/2/58) 620.30 \$7.14 Commerchank(1/1/2/58) 620.30 \$7.14 Commerchank(1/1/2/58) 2337.10 CAX (30/1/2/87) 2151.02 2137.45	1434.91 1455.05 17/12 2162.63 2231.86 22/10 814.69 831.89 13/12	1772.21 29/1	Switzestand Swiss Bk Ind (31/12/58) 1 SBC General (1/4/67) Tahasas WeighladPr.(00/8/66)** 5	1260.28 1249.58 983.37 978.67		/12 <b>678.70</b> 11/1	Dow Jones Ind. I S & P Ind. Div. y S & P Ind. P/E n	Div. Yield 2.67 Dec 15 rield 2.45 stio 27.16	2.70 2.71 3.12 Dec 8 Dec 1 Yeer ago 2.39 2.41 2.58 27.41 27.08 26.78
SBF 250 (31/12/90) 1455.05 1437.01 CAC 40(31/12/87) 2196.44 2160.26 Germsor/ Alden(31/12/58) 820.30 \$17.14 Commerciami(1/12/58) 820.30 \$17.14 2348.10 2337.10	1434.01 1455.05 17/12 2162.63 2231.68 2270 831.69 13/12 2329.7 2362.50 13/12 2110.70 2173.60 9/12	1772.21 29/1 598.92 14/1 1694.30 14/1	Surfizerland Sviss Bit Ind (31/12/58) SBC General (1/4/67) Tahuan Weighlin/DY.(30/60)** Theliand Banglook SET (30/4/75) 1	1260.28 1249.58 983.37 976.67 5274.76 5331.87	971.89 983.37 17/	712 <b>678.70</b> 1171	S & P Ind. Div. y S & P Ind. P/E n	Div. Yield 2.67 Dec 15 Held 2.45 attlo 27.18  MED POORS 500 INDEX 1 Sett price Change I	2.70 2.71 3.12 Dec 8 Dec 1 Year ago 2.39 2.41 2.58 27.41 27.08 28.78  FUTURIES \$500 times index ligh Low Est. vol. Open int.
S8F 250 (\$1/12/90) 1455.05 1437.01 2195.44 2190.26 219	1434.01 1485.05 17/12 2162.63 2231.68 22/10 814.68 831.69 13/12 2229.7 2382.50 13/12 2110.70 2173.80 9/12 933.90 944.44 13/8	1772.21 29/1 598.92 14/1 1694.30 14/1 1519.00 13/1	Switzertand Swiss Bit Ind (31/12/56) 1 Swiss Bit Ind (31/12/56) 1 SEC Ceneral (11/4/67) Taleaca Weighland**, C0/8/60/** 5 Thelisaid Bangkok SET (30/4/75) 1 Turkey Islandud Cmp. Lish 1996) 1	1260 28 1249.58 983.37 976.67 5274.76 5331.87 1513.83 1512.66	971.89 983.37 17/ 5101.80 5331.87 16/	712 <b>678.70</b> 1171 712 <b>3088.43</b> 9/1 712 <b>\$18.84</b> 1/6	Dow Jones Ind. I S & P Ind. Div. y S & P Ind. P/E II B STANDARD3 Open Mar 464,70 Jun 466,50	Div. Yield 2.67 Dec 15 field 2.45 gtb 27.18  MMD POORS 500 INDEX 1 466.95 +2.20 461 468.95 +2.20 461	2.70 2.71 3.12 Dec 8 Dec 1 Yeer ago 2.39 2.41 2.58 27.41 2.58 27.41 2.58 27.41 2.58 27.41 2.58 27.41 2.58 26.78 FUTURNES \$500 times index High Low Est, vol. Open int. 7.45 454.25 84.230 171,187 84.04 488.00 420 2,776
S8F 250 (31/12/90) 1455.05 1437.01 CAC 40(31/12/87) 2195.44 2190.26 Germany FAZ Alden(31/12/53) 820.30 37.7.14 Commerchant(1/12/53) 820.30 37.7.14 Commerchant(1/12/53) 2157.45 Breeze Breeze Hong Kong Hang Seng(31/7/64) 10588.86 10339.86	1434.91 1455.05 17/12 2162.63 2231.65 2201. 6 814.69 831.69 13/12 2232.7 2362.50 13/12 1210.70 2173.80 9/12 934.90 944.44 13/8 9945.26 10568.86 17/12	1772.21 29/1 598.92 14/1 1694.30 14/1 1519.90 13/1 697.72 5/1	Switzerland Swiss Bit Ind (31/12/58) 1 Sec General (1/4/87) Tahana WeightndPr,DOB/66(** 5 Thatland Bamphok SET (30/4/75) 1 Turkey Islands Cmp.Lkn 1986 1 WORLD MS Capital Lnt (1/1/70)\$	1260 28 1249.58 983.37 976.67 5274.76 5331.87 1513.83 1512.66	971.89 983.37 17/ 5101.80 5331.87 16/ 1519.06 1519.06 15/	712 678.70 1111 712 3088.43 9/1 712 \$18.84 1/6 712 3955.53 1/1	Dow Jones Ind. I S & P Ind. Div. y S & P Ind. P/E n B STANDARD A Open Mar 464,70 Jun 466.50 Sep	Div. Yield 2.67 Dec 15 field 2.45 gtb 27.18  MMD POORS 500 INDEX 1 466.95 +2.20 461 468.95 +2.20 461	2.70 2.71 3.12 Dec 8 Dec 1 Year ago 2.39 2.41 2.58 27.41 27.08 28.78 FUTURIES \$500 times index ligh Low Est, vol. Open int. 7.45 464.25 94.230 171,187
S8F 250 (\$1/12/90) 1455.05 1437.01 2196.44 2190.26 Germany FAZ Akdjen/31/12/58) 820.30 \$17.14 2048.10 2337.16 2348.10 2337.16 248.10 2337.16	1434.01 1465.05 17/12 2162.63 2231.88 22/10 814.69 831.80 13/12 2229.7 2362.50 13/12 2110.70 2173.50 9/12 533.90 944.44 13/6 9945.26 10568.88 17/12 3464.8 3464.80 13/12	1772.21 29/1 598.92 14/1 1694.30 14/1 1519.90 13/1 667.72 5/1 5437.80 4/1	Switzertand Swiss Bit Ind (31/12/56) 1 Sec Ceneral (1/4/67) Tahazan WeighlandP-(30/8/66)** 5 Thelland Bandonk SET (30/4/75) 1 Turkey Islandu Cimpulan 1996) 1 WORLD MS Capital Int (1/1/70)\$ CROSS-BORDER Eurotrack 100/25/10/50) 1	1260 28 1249.56 983.37 978.67 5274.76 5331.87 1513.83 1512.66 19088.6 18721.6 587.6* 583.5	971.89 983.37 17/ 5101.80 5331.87 16/ 1519.06 1519.06 15/ 18583.2 19088.60 17/	712 678.70 1111 712 3088.43 9/1 712 318.84 1/6 712 3958.53 1/1 710 468.60 13/1 712 1063.02 13/1	Dow Jones Ind. I S & P Ind. Div. y S & P Ind. P/E n STANDARD A Open Mar 464,70 Jun 466.50 Sep Open interest figure	Div. Yield 2.67 Dec 15 field 2.45 stib 27.18  MAD POORS 500 ENDEX 1  Sett price Change 1 466.95 +2.20 467 469.95 +2.20 468 469.95 +2.20 468 as are for previous day.	2.70 2.71 3.12 Dec 8 Dec 1 Yeer ago 2.39 2.41 2.58 27.41 2.58 27.41 2.58 27.41 2.58 27.41 2.58 27.41 2.58 26.78 FUTURNES \$500 times index High Low Est, vol. Open int. 7.45 454.25 84.230 171,187 84.04 488.00 420 2,776
S8F 250 (31/12/90) 1455.05 1437.01 CAC 40(31/12/87) 2195.44 2190.26 Germany FAZ Alden(31/12/53) 820.30 37.7.14 Commerchani(1/12/53) 2347.16 UNX (30/12/87) 2151.02 2137.45 Breece Athera SE(31/12/80) 923.90 924.21 Hong Kong Hang Seng(31/7/84) 10588.86 10339.66 India BSE Somt (1979) 3454.8 3401.9 Indiana Comp.(10/9/82) 556.95 553.36 Indiana	1434.01 1465.05 17/12 2162.63 2231.88 22/10 814.69 831.80 13/12 2229.7 2362.50 13/12 2110.70 2173.50 9/12 533.90 944.44 13/6 9945.26 10568.88 17/12 3464.8 3464.80 13/12	1772.21 29/1 598.92 14/1 1694.30 14/1 1319.30 13/1 667.72 5/1 5437.80 4/1 2100.67 23/4	Switzertand Swiss 8k ind (21/12/56) 1 SSC General (I/4/67) Tahasan Weighbudy-,DU/8/60/** ST Thailand Bampon, SST (30/4/75) 1 Turkey Islands Cripulan 1996) 1 WORLD WORLD ChOSS-BORDER Eurotrack 100/26/1990) 1 LUCORDUNG (31/12/66) 1 JCORRODORS (31/12/66) 1 JCORRODORS (31/12/66)	1260 28 1249.56 993.37 978.67 5274.76 5331.87 1513.83 1512.66 19088.6 18721.6 587.6* 593.5	971.89 983.37 17/ 5101.80 5331.87 16/ 1519.06 1579.06 15/ 18583.2 19088.60 17/ 588.5 907.10 15/ 1405.40 1419.34 17/	712 678.70 1171  712 3088.43 9/1  712 \$18.84 1/6  712 3955.53 1/1  710 498.90 13/1  711 1063.02 13/1  712 882.73 13/1  713 188.82 4/1	Dow Jones Ind. I S & P Ind. Div. y S & P Ind. P/E n STANDARD A Open Mar 464,70 Jun 466.50 Sep Open interest figure	Div. Yield 2.67 Dec 15 felici 2.45 stato 27.18  MMD POORS 500 INDEX I  Sett pace Change 1  466.95 +2.20 461 468.95 +2.20 462 469.30 +2.20 463 6 are for previous day.  ACTIVE STOCKS 1	2.70 2.71 3.12  Dec 8 Dec 1 Year ago 2.39 2.41 2.58 27.41 27.08 28.76  FUTURIES \$500 times index  ligh Low Est. vol. Open int. 7.46 464.25 64,230 171,187 3.40 468.00 420 2,776 3.30 468.30 3 643

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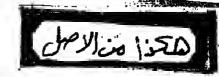
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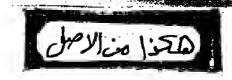
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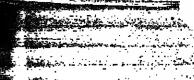
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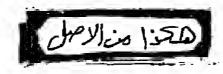
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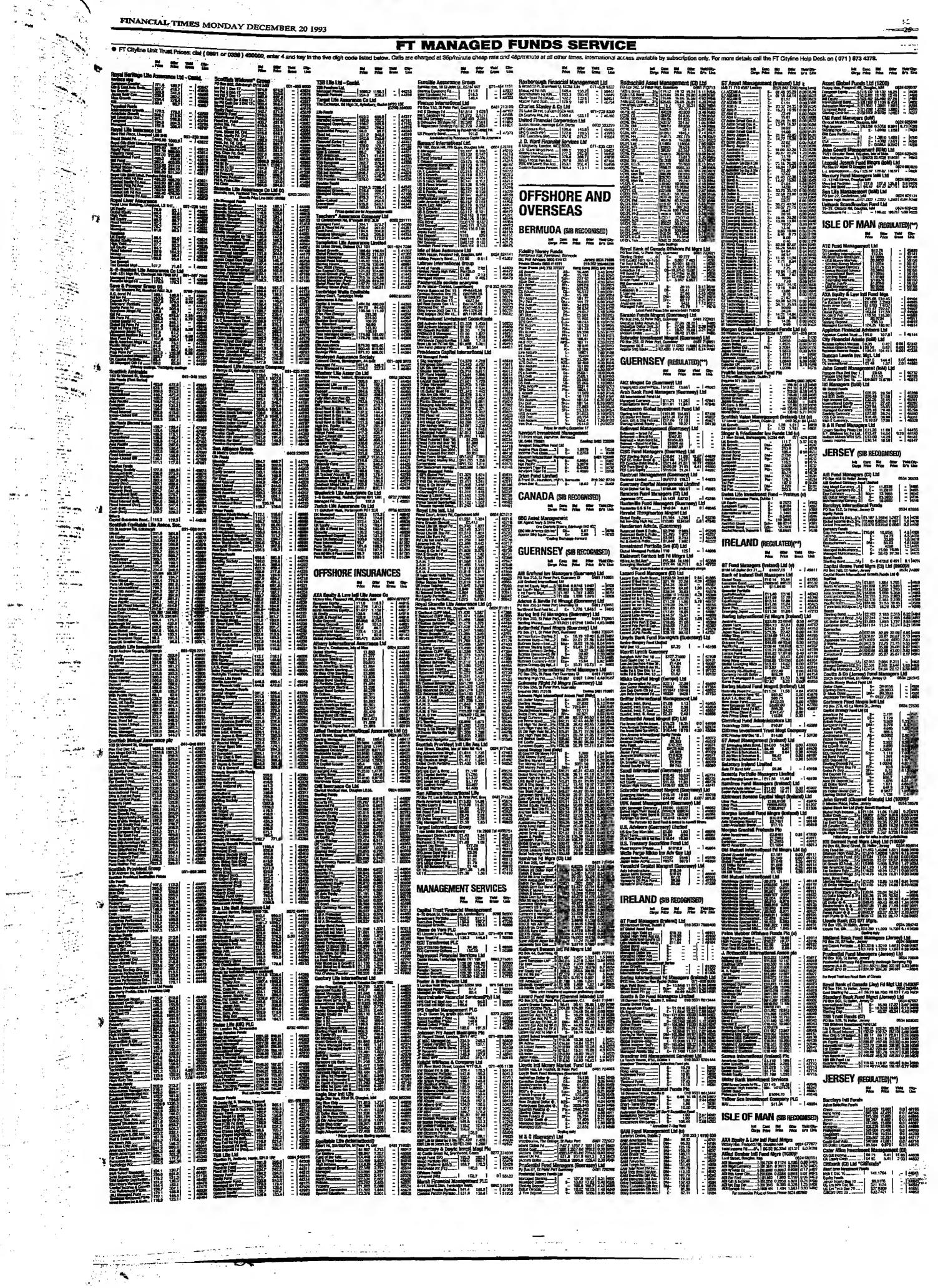
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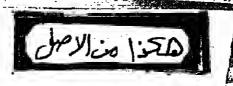






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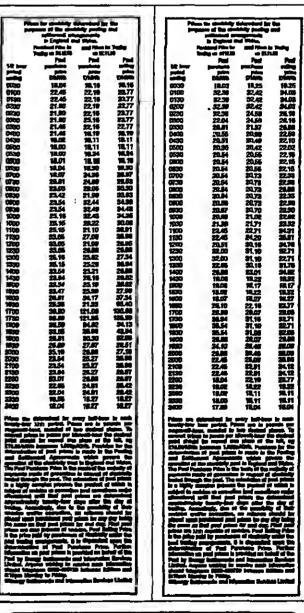


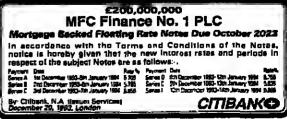
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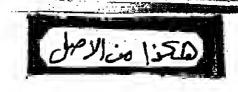
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FINANCIAL TIMES MONDAY DECEMBER 20 1993 **LONDON SHARE SERVICE** DIVESTMENT TRUSTS - COUL | Wirth Div Dir Dividends Last Chy | Southwest | Southwest | 2009 | 6.3 (25%) | 1.1 (5 m) pill | 21.8 4055 | 23.0 (25%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 (27%) | 2.8 | O.F.S. | 428 | 428 | 427 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 428 | 4 2874 3,1 (3530 1,7 Jan Aug 17, 12 (3530 1,7 Jan Aug 19, 12 (3530 1,7 Jan Aug 17, 12 (3530 1,7 Ja 2% 125 - - - 4624
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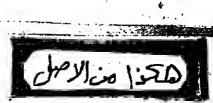
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#### FINANCIAL TIMES MONDAY DECEMBER 20 1993.

#### 20

#### MONDAY

#### PLO and Israel try again



Secret talks are expected to continue in Oslo between Israel and the Palestine Liberation Organisation in an attempt to get the stalled peace process back on schedule. The stick-

ing-point has been the wisb of PLO leader Yassir Arafat (above) to assume as many trappings of sovereignty as possible.

Gulf council: The Gulf Co-operation Council bolds annual meeting in Riyadh this week. On the agenda is possibility of lifting the Arab economic boycott of Israei. They are also expected to discuss regional security, relations with Iran and Iraq, economic co-operation, and measures needed to stem the fall in the price of oil.

Goodwill: The UK Accounting Standards Board publishes a discussion document on goodwill - the difference between what a company pays to buy a business, and the value of this acqui-

TUC relaunch: The finance and general purposes committee of the Trades Union Congress, the umbrella for Britain's organised labour movement, is to discuss an internal shake-up. It is to lead an official relaunch under John Monks.

#### 21

#### TUESDAY

Bomaby securities scandal

A committee of Indian MPs is to report to parliament on last year's Rs40bn (£858m) scandal in the Bombay securities market. Stockbrokers and banks are likely to be blamed for the illegal siphoning of money out of the banking

Bosnia's warring factions and the Serb and Croat presidents are due to resume talks in Geneva on division of the country on ethnic lines. The teams move to Brussels tomorrow.

system and into the stock market

Korean cabinet: President Kim Young Sam is expected to announce a new cabinet which will emphasise business reforms.

New Zealand's parliament reconvenes after November's general election, which cut the ruling National Party's majority from 34 to ons.

Nagorno-Karabakh: Armenian and Azerbaijani representatives meet in Helsinki to discuss ending the war In tha Armenian enclave in Azerbaijan. Representatives from Nagorno-Karabakh are also expected to attend.

Unicef: The United Nations Children's Fund publishes its yearly report on the state of the world's children. The study, which is being launched by US President Bill Clinton, is expected to focus on successes in the battle against childhood diseases.

#### 22-23

#### WEDNESDAY

#### S African constitution

South Africa's white-dominated parliament is expected to hold a final vote on the country's new constitution, passing it into law.

US third-quarter GDP: The final figures are due today. Preliminary figures showed gross domestic product up at an annual rate of 2.8 per cent. but were revised down 0.1 percentage points last month.

German cost of living: December cost of living indices for the biggest regions are due out today or tomorrow. November's index was revised downwards. Any further fall in the cost of living this month is considered unlikely.

#### **THURSDAY**

CIS summit: A two-day meeting of the Commonwealth of Independent States has been called in Ashkhabad, Turkmenistan. However, the current political turmoil in Russia makes it unclear whether the meeting will actually go ahead.

economic policy, and, in particular, common monetary issues in the aftermath of the collapse of the rouble zone. Holidays: Japan marks Emperor

The summit is expected to discuss

Akthito's 60th birthday with a national

#### 24-26

#### FRIDAY to SUNDAY

#### UN chief to visit N Korea

United Nations secretary-general Boutros Boutros-Ghali is to meet North Korean leaders in the capital Pyongyang. He says his is a fact-finding mission and that ha does not plan to mediate in the crisis over North Korea's refusal to open its nuclear facilities to international inspection.

DECEMBER 25 Kuwait's state security court is due to deliver its verdict on 11 Iraqis and three Kuwaitis charged with plotting to assassinate former US President George Bush in April 1993.

#### DECEMBER 26

Poll in Krajina: Voting in presidential elections is being repeated in six districts of the self-styled Serbian state of Krajina, which covers one-third of Croatia. The second round follows alleged irregularities, when Serbian President Slobadan Milosevic's chosen candidate, Milan Martic, was unexpectedly beaten by Milan Babic, who opposes Belgrade rule.



China's revolutionary leader (left), who died in 1976, was born In the village of Shaoshan 100 years ago today. The state plans big celebrations.



Hopes are rising that this Christmas may bring closer an end to political violence in Northern Ireland

#### Measures coming into effect on January 1 1994

Trading partners: The North American Free Trade Agreement comes into force, creating a single market comprising the US, Canada and Mexico. Bolivia, Colombia, Ecuador, Peru and Venezuela, the Andean Group, plan to start a customs union. The first of its kind for developing nations, it will be

a market of some 100 million people. The European Economic Area, comes into being, linking the 12 European Union members and five Nordic and Alpine states in a giant single market.

Greek presidency: Greece takes over the rotating six-month presidency of the EU from Belgium. One of the most pressing topics on

the EU's agenda will be enlargement, with a March 1 deadline for completing negotiations for the admission of Norway, Sweden, Finland and Austria.



European Monetary Union starts its second and penultimate stage. The European Monetary Institute - tbe embryo central bank begins its work. The Belgian Alex-

andre Lamfalu (left) has been andre Lamfalussy

chosen to be its first president.

Central bankers' banker: The top job at the Bank for International Settlements in Basle, vacated by Alexandre Lamfalussy's move to the EMI. is to be taken by Andrew Crockett, previously a director at the Bank of England. He has said be will focus on the problems associated with financial derivative instruments.

Footloose and duty-free: The value of duty-free gifts travellers within the European Union can bring bome doubles to Ecu90 (\$100). For those returning from outside the EU, the allowance will rise to Ecu175 from Ecu45. Alcoholic drinks. tobacco or perfumes are excluded, being subject to volume limits. Duty-free shopping on journeys within

the EU is set to end on 30 June 1999. Road hauliers in the European Union will be freer, but slower. Restrictions on cabotage, the right of a haulier from one member state to pick up and deliver

a load in another, will be eased. Rules also come into force requiring new trucks of 12 tonnes gross weight and more to be fitted with speed limiters restricting them to 56mpb (90kpb). The UK already requires trucks of 7.5 tonnes or more to be limited to 60mph.

Germans orit their teeth: Taxation on oil products rises by up to 20 per cent (for petrol) and 13 per cent (for diesel), which means an extra 16 pfennigs on a litre of petrol.

CONOMIC DAIN

Child allowances are cut to DM70 (\$41) per child per month, and will be meanstested. Unemployment benefit will also be cut, by some 3 percentage points.

Pension contributions are to rise to more than 19 per cent of gross income, to prevent the state pension funds sliding

Trains set: Germany's rail companies, tbe Bundesbahn in the west and the Reichsbahn in the east, are to unite as Deutsche Bahn. The railways will no longer be be a statutory body, which paves the way for eventual privatisation, some 10 years down the tracks.

The government has agreed to assume the railways' debts, to be paid for by increased oil taxes. Next

Commercial agents: The English **Commercial Agents Regulations 1993** come into force, along with equivalent enabling legislative orders for Scotland and Northern Ireland.

These implement the 1986 EC Directive 86/653, giving commercial agents wbo act for UK principals in countries of the EU (formerly EC) greatly increased rights. These rights include increased security of contract, compensation for loss of office, and disclosure of confidential information concerning their principals' business.

Many British companies took the precaution of sacking their commercial agents in advance of the new regulations. The Irisb Republic is due to bring the directive into force from today as well. The other EU states have already implemented it.

#### Lloyd's goes corporate:



For the first time in its 300-year history, the Lloyd's of London insurance market (left) will accept corporate members. Previously, only wealthy individuals, the Names, who have put all their assets at stake in sup-

porting the market have been members. Now, companies, institutions and private investors of more modest means will be able to benefit from limited liability.

EIS supersedes BES: The Enterprise Investment Scheme comes into being. It replaces the the Business Expansion Scheme, set up in 1983 to encourage investment in trading companies. The BES became an easy tax break for higher earners, raising more than £3bn. Its successor is designed to be less generous.

500-year matt: Scotland's distillers have decided to designate 1994 the 500th anniversary of malt whisky, on the basis of a document dated 1594 which mentions materials supplied to a certain Friar John Cor "wherewith to make aquavitae".

#### 31-3

#### MONDAY to THURSDAY By land across the seas

27-30

On Monday the first attempted overland journey from London to New York begins. An international team driving Ford vehicles aims to complete the 15.500 mile route using the channel tunnel and the ice-bound Bering Straits between Siberia and Alaska.

**New long bond:** Germany this week issues its traditional year-end bond. or Silvesteranleihe. It will be the first 30-year government issue since 1986.

The first tranche will be allocated via the federal bond consortium on Tuesday, with another portion sold at a US-style auction on Wednesday. Traders are betting on a total issue size of about DM10bn (\$6bn).

Green ideas: The Biodiversity convention agreed at Rio de Janeiro in 1992 was due to come into effect on Wednesday.

However, many countries remain . unable to ratify it after the collapse. of talks this month in Cartagena, Colombia, on restructuring the Global Environment Facility, a fund to help developing countries protect the envi-

The Paris-Dakar road rally starts from Paris on Thursday.

pha

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#### FRIDAY to MONDAY

Nikkel hobbles into 1994

Trading on the Tokyo stock market ends for the year on December 31. The Nikkei average is less than half its peak of four years ago. Shaky stock prices recently has made investors nervous about the year ahead.

High noon in Algeria: The five-member High Council running the country originally said it would stand down by the end of the year. It has been in charge since cancelling elections in January 1992, which the now-outlawed Islamic Salvation Front was peised to win. It has now extended its mandate to January 31.

Sins of emission: The Climate Change convention agreed at last year's Rio Earth Summit comes into effect on December 31. Under it, countries draw up plans for stabilising emissions of "greenhouse gases" at 1990 levels by the year 2000. EU member states agreed to ratify it last week.

Kashania: Pakistani and Indian foreign secretaries meet on January 1 to resume bilateral talks over the disputed Himalayan state (to Jan 3).

Compiled by Patrick Stiles. Fax: (+44) (0)71 873 3194.

#### Other economic news

Monday: The Organisation for Economic Co-operation and Development's latest half yearly Outlook is expected to forecast modest growth and rising unemployment in the

industrialised world next year. Tuesday: A majority of analysts expects the US Federal Open Markets Committee to maintain a neutral stance on monetary policy at its meeting today.

Thursday: In Japan, markets are ctosed for the emperor's birthday. In the US, minutes from the November 16 open markets committee meeting Friday: Most markets, other

than in Japan, sbut down early on Christmas Eve. or are

closed for the entire day. In London, the stock exchange has a half-day session and Liffe closes at lunchtime. The week between Christmas and the New Year is relatively quiet for statistics in Europe although there is a steady stream from Japan and the US.

In the UK, the British Bankers Association publishes monthly figures for mortgage lending. The Japanese markets stay open until December 30, when they close after a balf day's trading, and stay closed on December 31.

#### Statistics to be released this and next week

Day Rolessed	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	France	Sept current a/c	-	-
Dec 20	France	Oct Industrial production*	0.2%	-0.3%
	UK	Nov M4'	0.2%	1%
	UK	Nov M4**	4.7%	4.3%
	UK	Nov M4 lending	1.9bn	1.8bn
	UK	Nov bdg scty - net new commits.	£2.3bn	<b>£2.6b</b> n
	UK	National accounts, GDP third qtr	1.9%	1.8%
	UK	Third qtr balance of payments	-£2bn	-£2.7bn
	UK	Non EU Nov trade	-£850m	-£293m
Tues	Japan	Oct coincident Index	-	70%
Dec 21	Japan	Oct leading diffusion index	_	36.4%
	France	Nov consumer price index final**	-	2.2%
	Italy	Dec cons. price index - cities**	4.2%	4.2%
	Canada	Oct retail sales"	0.4%	-0.1%
Wed	US	Third qtr GDP final	2.7%	2.7%
Dec 22	UŞ	Third qtr after tax corp. profit	Q.8%	0.8%
	Canada	Oct wholesale trade*	1.5%	1.9%
Thurs	US	Nov durable orders	1.0%	2%
Dec 23	US	Nov durable shipments	-	0.1%
	US	Initial claims - w.e. Dec 16	330,000	330,000
	US	State benefis - w.e. Dec 11	-	2.7m
	US	Nov personal income	0.5%	0.6%
	US	Nov PCE	0.5%	0.8%
	US	Auto sales (Dec 11-20)	7.1m	7.1m
	Canada	Oct employment earnings**	1.3%	1.5%

	Commy	Otoases , Potocett	
During 1	the week		
	Germany	Nov producer price Index 0.1%	0.0%
	Germany	Nov producer price index* -0.3%	-0.3%
	Germany	Oct trade balance DM4bo	DM5.7bn
	Germany	Oct current a/c -DM5.5bn	-DM2.2bn
	Germany	December cost of fiving (regions)	,
	Germany	December cost of living (pretim.)* . 0,2%	0.3%
	Germany	December cost of living (prelim.) 3.7%	3.7%
	Italy	Oct wholesale prices index 5.7%	6.6%
	Italy	Oct producer prices Index 4.4%	4.3%
	italy	Nov M2 3-monthly average** 8:196	8.1%
	Italy	Nov bank lending** . 1.9%	1.0%
	Sweden	Nov trade balance Skr4.7bn	Skr4.4bn
	Spain	Oct producer prices index** 3,0%	. 3.0%
	Belglum	Dec consumer prices index. 2.4%	2.5%
Mon	US	Nov bank credit	-0.2%
Dec 27	Јарап	Nov retail sales	-3.6%
	Јарал	Nov industrial production	-5.1%
Tues	US	Consumer confidence	71.2
Dec 28	Japan	Consumer prices Index (nation)	1.3%
	Japan	Unemployment rate	. 2.7%
DeW	us	feading Indicators	0.5%
Dec 29	US	export/import price indices	
Thur 30	US	New home sales	679,000

**ACROSS** ACROSS

1 Offer accommodation in subtle fashion (6)

4 Obstruct an attendant and there's a striking outcome! 9 Checks fraud within the

Civil Service (6) 10 A sailing man in some irritation getting under way (8) 12 Held back, being rather unsociable (8)
13 Club for which well quali-

fled people run (6)
15 The guy making a point backed "economy with the truth" (4) 16 Confine an associate as a

disciplinary measure (7) 20 Heavyweight men got a break (7)
21 Personification of youth in the best possible way (4)
25 Aren't maybe chasing money, so it's understood

(8) Neat girl's make-up, quite hasic (8)

30 Concede to the French count (8) 61 Put in a tin to be drunk (6) DOWN Getting rugs nice with spe-cial treatment (6) Capital investment for a

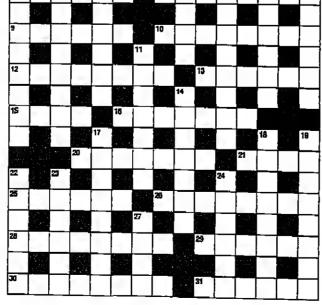
speculator's family (6) Able to bring parking into use (6) 5 Little birds taken from the

nest - it seems quite wrong 6 Soft golden furniture that may be moved (8)
7 A claim correctly made (6) 8 High fliers below par (6) 11 Few cut a figure (7) 14 The lorry-driver has gone in

fighting! (7)

17 The adolescent brew green tea (8)
18 A story of never-ending eupborla (8)
19 Frustrated achievement

15 Pristrated achievement indeed! (6)
26 After fifty there's always time – such an advantage (8)
28 Neat girl's make-up, quite basic (8)
29 A person familiar with the 29 A person familiar with the law will get support first (6) 27 Heel's affected piety (4)



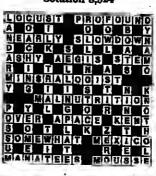
#### MONDAY PRIZE CROSSWORD No.8,336 Set by VIXEN

A prize of a Pelikan New Classic 390 fountain pen for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers will be awarded. Solutions by Thursday December 30, marked Monday Crossword 8.336 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Tuesday January 4.

Winners 8,324

D.I. Craig, Heswall, Wirral; Mrs M. Brown, Bedford; Brian Coutanche, Petit Port, Jersey; Simon Dunning, Blanefield, Glasgow, Reg Mogg, Wanstead, London Ell; Mrs William M. Regan, Bronxville, New York, USA.

The next Monday Prize Crossword will be on Monday January 8



Solution 8,324



